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RECEIVED
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HUB LAW OFFICES

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA
12 FOR THE COUNTY OF MARIN

13 CHURCH OF SCIENTOLOGY) CASE NO. BC 157680
14 INTERNATIONAL, a California not-)
for-profit religious corporation,) REQUEST FOR JUDICIAL NOTICE
15) IN SUPPORT OF PLAINTIFF'S
16) NOTICE OF MOTION AND MOTION
Plaintiff,) FOR (1) SUMMARY
17) ADJUDICATION OF THE FIRST
18) CAUSE OF ACTION OF
vs.) ARMSTRONG'S FIRST AMENDED
19) CROSS-COMPLAINT; (2)
20) SEVERANCE; (3) DISMISSAL OF
GERALD ARMSTRONG; DOES 1 through) UNADJUDICATED CLAIMS; AND
21 25, inclusive,) (4) ENTRY OF FINAL JUDGMENT
22) DATE: December 1, 1995
Defendants.) TIME: 9:00 a.m.
23) DEPT: 1
24) TRIAL DATE: Vacated

24 Plaintiff, Church of Scientology International requests that
25 this Court take judicial notice of the following records of the
26 Superior Court of the County of Marin of the State of California,
27 the Superior Court of the County of Los Angeles of the State of
28 California the Court of Appeal of the State of California Second

1 Appellate District, and the United States Bankruptcy Court for
2 the Northern District of California pursuant to Evidence Code
3 Sections 452 and 453:

4 A. Second Amended Verified Complaint for Damages and for
5 Preliminary and Permanent Injunctive Relief for Breach of
6 Contract, filed on April 5, 1994 in the case of Church of
7 Scientology International v. Gerald Armstrong, et al., Los
8 Angeles Superior Court, Case No. BC 052395, a true and correct
9 copy of which is attached hereto as Exhibit A;

10 B. Verified Complaint To Set Aside Fraudulent Transfers
11 And For Damages; Conspiracy, filed on July 23, 1993, in the case
12 of Church of Scientology International v. Gerald Armstrong, et
13 al., Marin Superior Court, Case No. 157680, a true and correct
14 copy of which is attached hereto as Exhibit B;

15 C. Ruling of January 27, 1995 by the Honorable Gary W.
16 Thomas re Motion for Summary Adjudication of Issues as to the
17 Fourth and Sixth Causes of Action in Church of Scientology
18 International v. Gerald Armstrong, et al., Marin County Superior
19 Court, Case No. 157680 (Consolidated), a true and correct copy of
20 which is attached hereto as Exhibit C;

21 D. Order of Summary Judgment as to the Thirteenth,
22 Sixteenth, Seventeenth, and Nineteenth Causes of Action, filed on
23 October 17, 1995, in Church of Scientology International v.
24 Gerald Armstrong, et al., Marin County Superior Court, Case No.
25 157680 (Consolidated), a true and correct copy of which is
26 attached hereto as Exhibit D;

27 E. Order of Permanent Injunction, filed on October 17,
28

1 1995, in Church of Scientology International v. Gerald
2 Armstrong, et al., Marin County Superior Court, Case No. 157680
3 (Consolidated), a true and correct copy of which is attached
4 hereto as Exhibit E;

5 F. Notice of Ruling of September 9, 1994 by the Honorable
6 Gary W. Thomas granting the Church summary adjudication of the
7 cross-complaint in Church of Scientology International v. Gerald
8 Armstrong, et al., Marin County Superior Court, Case No. 157680,
9 a true and correct copy of which is attached hereto as Exhibit F;

10 G. Verified Amended Cross-complaint filed by Armstrong on
11 October 7, 1992 in the case of Church of Scientology
12 International v. Gerald Armstrong, et al., Los Angeles Superior
13 Court, Case No. BC 052395, a true and correct copy of which is
14 attached hereto as Exhibit G;

15 H. Minute Order of August 16, 1994, re: Motion by Cross-
16 Defendant, Church of Scientology International, for Summary
17 Adjudication of the Second and Third Causes of Action of the
18 Cross-Complaint, entered by the Honorable David A. Horowitz,
19 Superior Court Judge, in the case of Church of Scientology
20 International v. Gerald Armstrong, et al., Los Angeles Superior
21 Court, Case No. BC 052395, a true and correct copy of which is
22 attached hereto as Exhibit H;

23 I. Memorandum of Decision granting relief from stay, in
24 the case of In re Gerald Armstrong, United States Bankruptcy
25 Court for the Northern District of California, Case No. 95-10911,
26 a true and correct copy of which is attached hereto as Exhibit I.

27 J. Opinion of the Court of Appeal of the State of
28

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13 Attorneys for Plaintiff
14 CHURCH OF SCIENTOLOGY INTERNATIONAL

ORIGINAL FILED

APR 05 1994

LOS ANGELES
SUPERIOR COURT

15 SUPERIOR COURT OF THE STATE OF CALIFORNIA
16 FOR THE COUNTY OF LOS ANGELES

17 CHURCH OF SCIENTOLOGY)	CASE NO. BC 052395
18 INTERNATIONAL, a California)	
19 not-for-profit religious)	VERIFIED SECOND AMENDED COMPLAINT
20 corporation;)	FOR DAMAGES AND FOR PRELIMINARY
21 Plaintiff,)	AND PERMANENT INJUNCTIVE RELIEF
22)	FOR BREACH OF CONTRACT
23 vs.)	
24)	
25 GERALD ARMSTRONG; THE GERALD)	
26 ARMSTRONG CORPORATION, a)	
27 California corporation; DOES)	
28 1-25 INCLUSIVE)	
29)	
30 Defendants.)	

31 Plaintiff, by its attorneys, Wilson, Ryan & Campilongo and
32 Bowles & Moxon, for its Complaint, alleges:

33 NATURE OF THE ACTION

34 1. In violation of the express terms and spirit of a
35 settlement agreement ("the Agreement") entered into in December,
36 1986, defendant Gerald Armstrong ("Armstrong") has embarked on a
37 deliberate campaign designed to aid plaintiff's litigation
38 adversaries, breach the confidentiality provisions of the

1 Agreement, and foment litigation, hatred and ill-will toward
2 plaintiff.

3 2. More than seven years ago, plaintiff Church of
4 Scientology International ("CSI") entered into the Agreement with
5 Armstrong, on its own behalf and for the benefit of numerous
6 third-party beneficiaries. The Agreement provided for a mutual
7 release and waiver of all claims arising out of a cross-complaint
8 which defendant Armstrong had filed in the case of Church of
9 Scientology of California v. Gerald Armstrong, Los Angeles
10 Superior Court No. C 420153. Armstrong, a former Church member
11 who sought, by both litigation and covert means, to disrupt the
12 activities of his former faith, displayed through the years an
13 intense and abiding hatred for the Church, and an eagerness to
14 annoy and harass his former co-religionists by spreading enmity
15 and hatred among members and former members. Plaintiff sought
16 with the Agreement to end all of Armstrong's covert activities
17 against it, along with the litigation itself. For that reason,
18 the Agreement contained carefully negotiated and agreed-upon
19 confidentiality provisions and provisions prohibiting Armstrong
20 from fomenting litigation against plaintiff by third parties.
21 These provisions were bargained for by plaintiff to put an end to
22 the enmity and strife generated by Mr. Armstrong once and for
23 all.

24 3. This action arises out of deliberate and repeated
25 breaches by Armstrong of these and other express provisions of
26 the Agreement. Although plaintiff fully performed all of its
27 obligations under the Agreement, Armstrong never intended to keep
28 his part of the bargain and maintains that he considered the

1 referenced provisions to be unenforceable ab initio. As soon as
2 he finished spending the money he extracted from plaintiff as the
3 price of his signature, Armstrong began a systematic campaign to
4 foment litigation against plaintiff by providing confidential
5 information, copies of the Agreement, declarations, and
6 "paralegal" assistance to litigants actively engaged in
7 litigation against his former adversaries. Although plaintiff
8 has repeatedly demanded that Armstrong end his constant and
9 repeated breach of the provisions of the Agreement, Armstrong
10 appears to delight in renewing his annoying and harassing
11 activities, admitting to them in sworn declarations, and refusing
12 to end his improper liaisons.

13 4. With this Complaint, plaintiff seeks the Court's aid in
14 obtaining the peace for which it bargained more than seven years
15 ago. Plaintiff requests liquidated damages pursuant to the terms
16 of the Agreement from Armstrong and his sham corporate alter ego,
17 the Gerald Armstrong Corporation ("GAC"), as well as injunctive
18 relief to prevent additional and future breaches of the Agreement
19 by Armstrong.

20 THE PARTIES

21 5. Plaintiff Church of Scientology International is a non-
22 profit religious corporation incorporated under the laws of the
23 State of California, having its principal offices in Los Angeles,
24 California. Plaintiff CSI is the Mother Church of the
25 Scientology religion.

26 6. Defendant Gerald Armstrong is a resident of Marin
27 County, California.

28 7. Defendant Gerald Armstrong Corporation is a corporation

1 incorporated under the laws of the State of California, having
2 its principal offices in San Anselmo, California.

3 8. Defendant Armstrong is the principal shareholder in GAC
4 and its sole employee, and has been since the incorporation of
5 GAC in 1987.

6 9. Defendant GAC is, and at all times since its
7 incorporation was, the alter ego of defendant Armstrong and there
8 exists, and at all times since GAC's incorporation has existed, a
9 unity of interest and ownership between these two defendants such
10 that any separateness between them has ceased to exist, in that
11 defendant Armstrong caused his own personal assets to be
12 transferred to GAC without adequate consideration, in order to
13 evade payment of his lawful obligations, and defendant Armstrong
14 has completely controlled, dominated, managed and operated GAC
15 since its incorporation for his own personal benefit.

16 10. Defendant GAC is, and at all times herein mentioned
17 was, a mere shell, instrumentality and conduit through which
18 defendant Armstrong carried on his activities in the corporate
19 name exactly as he conducted it previous to GAC's incorporation,
20 exercising such complete control and dominance of such activities
21 to such an extent that any individuality or separateness of
22 defendant GAC and defendant Armstrong does not, and at all
23 relevant times mentioned herein, did not exist.

24 11. Adherence to the fiction of the separate existence of
25 defendant GAC as an entity distinct from defendant Armstrong
26 would permit an abuse of the corporate privilege and would
27 sanction fraud, in that Armstrong transferred his material assets
28 to GAC in 1988, prior to embarking on the campaign of harassment

1 described herein, and with the intention of preventing plaintiff
2 from obtaining monetary relief from Armstrong pursuant to the
3 liquidated damages clause. GAC exists solely so that Armstrong
4 may be "judgment proof."

5 THE CONTRACT

6 12. On or about December 6, 1986, CSI and Armstrong entered
7 into a written confidential settlement Agreement, a true and
8 correct copy of which is attached hereto as Exhibit A, and
9 incorporated herein by reference.

10 13. The Agreement was entered into by plaintiff and
11 defendant Armstrong, with the participation of their respective
12 counsel after full negotiation. Each provision of the Agreement
13 was carefully framed by the parties and their counsel to
14 accurately reflect the agreement of the parties.

15 14. Plaintiff specifically negotiated for and obtained from
16 Armstrong the provisions in the Agreement delineated in
17 paragraphs 7(D), 7(H), 7(G), 10 and paragraphs 12 through 18,
18 because it was well aware, through investigation, that Armstrong
19 had undertaken a series of covert activities, apart from the
20 litigation, which were intended by Armstrong to discredit Church
21 leaders, spark government raids into the Churches, create phony
22 "evidence" of wrongdoing against the Churches, and, ultimately,
23 destroy the Churches and their leadership.

24 15. Contemporaneously with the signing of the Agreement,
25 Armstrong represented that he understood the Agreement's
26 provisions and was acting of his own free will and not under
27 duress.

28 16. The Agreement also provided that plaintiff CSI would

1 pay to Armstrong's attorney, Michael Flynn, a lump sum amount
2 intended to settle not just Armstrong's case, but the cases of
3 other clients of Mr. Flynn as well, and that Mr. Flynn would pay
4 to Armstrong a portion of that settlement amount. The exact
5 amount of the portion to be paid to Armstrong by Mr. Flynn was
6 maintained as confidential between Mr. Flynn and Armstrong.

7 17. CSI paid to Mr. Flynn the lump sum settlement amount.

8 18. Mr. Flynn paid to Armstrong his confidential portion of
9 the lump sum settlement amount, which was at least \$520,000,
10 after expenses.

11 19. The consideration paid to Armstrong was fair,
12 reasonable and adequate. Plaintiff CSI has performed all of its
13 obligations pursuant to the Agreement.

14 **FIRST CAUSE OF ACTION**

15 (Against Armstrong for Breach of Contract)

16 20. Plaintiff realleges paragraphs 1-19, inclusive, and
17 incorporates them herein by reference.

18 21. Vicki and Richard Aznaran ("the Aznarans") are former
19 Scientology parishioners currently engaged in litigation against,
20 inter alia, RTC and CSI, in the case of Vicki J. Aznaran, et al.
21 v. Church of Scientology of California, et al., United States
22 District Court for the Central District of California, Case No.
23 CV 88-1786 JMI (Ex).

24 22. In June, 1991, the Aznarans discharged their attorney,
25 Ford Greene, and retained attorney Joseph A. Yanny to represent
26 them.

27 23. While acting as the Aznarans' counsel, Yanny hired
28 Gerald Armstrong as a paralegal to help Yanny on the Aznaran

1 case.

2 24. In July, 1991, Armstrong agreed to travel from Marin
3 County to Los Angeles and asked Yanny to pay him \$500 for his
4 proposed help.

5 25. In July, 1991, Armstrong did travel to Los Angeles as
6 he had agreed, stayed with Yanny on July 15 and July 16, 1991,
7 and provided Yanny with paralegal assistance and a declaration
8 for the Aznaran case.

9 26. Yanny is former counsel to CSI, and his substitution
10 into the case was vacated by the Court sua sponte on July 24,
11 1991, the Court noting that Yanny's retention as the Aznarans'
12 counsel was "highly prejudicial" to CSI.

13 27. Armstrong's acceptance of employment by Yanny to work
14 on the Aznarans' litigation is a direct violation of Paragraphs
15 7(G) and 10 of the Agreement.

16 28. As a direct and proximate result of Armstrong's breach
17 of the agreement by providing paralegal assistance to Yanny in
18 the Aznarans' litigation, plaintiff has incurred damages which
19 are not presently calculable. In no event, however, are they
20 less than the jurisdictional minimum of this Court.

21 Consequently, for this breach plaintiff seeks compensatory and
22 consequential damages according to proof.

23 **SECOND CAUSE OF ACTION**

24 (Against Armstrong for Breach of Contract)

25 29. Plaintiff realleges paragraphs 1-19, 21-28, inclusive,
26 and incorporates them herein by reference.

27 30. After Yanny entered his appearance in the Aznarans'
28 case and indicated to CSI's counsel that he represented Gerald

1 Armstrong as well, CSI brought suit against Yanny in the case of
2 Religious Technology Center, et al. v. Joseph A. Yanny, et al.,
3 Los Angeles Superior Court No. BC 033035 ("RTC v. Yanny"). In
4 that action, plaintiff sought and obtained a Temporary
5 Restraining Order and a Preliminary Injunction against Yanny,
6 which prohibit Yanny from aiding, advising, or representing,
7 directly or indirectly, the Aznarans or Armstrong, on any matters
8 relating to the plaintiff.

9 31. At the hearings before the Court on the temporary
10 restraining order and the injunction, Yanny filed two
11 declarations prepared and executed by Armstrong on July 16, 1991.
12 The declarations were offered by Yanny as part of Yanny's
13 defense, which was ultimately rejected by the Court when it
14 issued its injunction.

15 32. Armstrong's aid to Yanny in the RTC v. Yanny case is a
16 direct violation of Paragraphs 7(G) and 10 of the Agreement.

17 33. Armstrong attached as an exhibit to one of his July 16,
18 1991 declarations a copy of the Agreement, the terms of which he
19 had agreed, pursuant to paragraph 18(D), to keep confidential.
20 This disclosure of the terms of the Agreement is a violation of
21 its non-disclosure provisions, requiring that Armstrong pay to
22 CSI \$50,000 in liquidated damages.

23 34. Despite demand by plaintiff, Armstrong has failed and
24 refused to pay them the \$50,000 owed in liquidated damages for
25 this breach of the Agreement.

26 **THIRD CAUSE OF ACTION**

27 (Against All Defendants for Breach of Contract)

28 35. Plaintiff realleges paragraphs 1-19, 21-28 and 30-34,

1 inclusive, and incorporates them herein by reference.

2 36. After Yanny's substitution into the Aznarans' case was
3 summarily vacated, Ford Greene was reinstated as Aznarans'
4 counsel of record. Ford Greene's law offices are located in San
5 Anselmo, California.

6 37. On or about August, 1991, Armstrong began working in
7 Ford Greene's office as a paralegal on the Aznarans' case. When,
8 thereafter, the Aznarans hired attorney John Elstead to represent
9 them as well, Armstrong provided paralegal services to Elstead as
10 well as Greene. Armstrong's employment in Greene's office has
11 continued to the present. Armstrong's activities constitute a
12 daily and continuing breach of his contract, rendering
13 plaintiff's bargain a nullity.

14 38. Plaintiff CSI has already incurred, and continues to
15 incur, damages as a direct and proximate result of Armstrong's
16 provision of aid to Greene in the Aznarans' case. Those damages
17 are not presently calculable and will cease only when Armstrong
18 is ordered to stop his improper conduct. In no event, however,
19 are they less than the jurisdictional minimum of this Court.
20 Consequently, for this breach plaintiff seeks compensatory and
21 consequential damages according to proof.

22 FOURTH CAUSE OF ACTION *Granted*

23 (Against All Defendants for Breach of Contract)

24 39. Plaintiff realleges paragraphs 1-19, 21-28, 30-34 and
25 36-38, inclusive, and incorporates them herein by reference.

26 40. In addition to the paralegal services which Armstrong
27 has provided to Ford Greene and John Elstead on the Aznarans'
28 litigation, Armstrong also provided the Aznarans with a

1 declaration, dated August 26, 1991, and filed in the Aznarans'
2 case. In that declaration, Armstrong describes some of his
3 alleged experiences with and concerning plaintiff, and purports
4 to authenticate copies of certain documents. These actions and
5 disclosures are violations of paragraphs 7(G), 7(H) and 10 of the
6 Agreement, requiring that Armstrong pay to CSI \$50,000 in
7 liquidated damages.

8 41. Despite demand by plaintiff, Armstrong has failed and
9 refused to comply with the liquidated damages provision by paying
10 \$50,000 to plaintiff as demanded for this breach of the
11 Agreement.

12 **FIFTH CAUSE OF ACTION**

13 (For Breach of Contract Against Armstrong)

14 42. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-
15 38 and 40-41, inclusive, and incorporates them hereby reference.

16 43. On or about March 19, 1992, Armstrong, acting through
17 Ford Greene as his agent, transmitted a press release to various
18 members of the media, including the Cable News Network, San
19 Francisco Chronicle, San Francisco Examiner, and the Marin County
20 Independent Journal. A true and correct copy of the press
21 release is attached hereto as Exhibit B. Said press release
22 violated the Agreement in that it constituted disclosures by
23 Armstrong, through Ford Greene as his agent, of his experiences
24 with Scientology as prohibited by paragraph 2. The following are
25 the excerpts from the press release which violate paragraph 2:

- 26 a) "Can the Scientology organization purchase the
27 free speech rights of Gerald Armstrong-the former
28 in-house biographer researcher/archivist of cult
leader, L. Ron Hubbard..."

- 1 b) "A former high-ranking Scientologist for 12 years,
2 Armstrong split with the group when it insisted he
3 continue lying about the accomplishments Hubbard
4 claimed to the public at large."
5 c, "For years Scientology has treated Armstrong as a
6 'suppressive person' who was 'fair game.'"
7 d) "Armstrong is resisting Scientology's high-powered
8 attack in an effort to affirm his right to free
9 speech to maintain vigilance for the truth."
10 e) "(Scientology is) fabricating false scenarios in
11 other court proceedings that Armstrong was an
12 agent of the IRS out to destroy it."

13 44. In addition, the press release devotes an entire
14 paragraph to a description of the lawsuit resulting from the
15 Settlement Agreement and to a description of the Settlement
16 Agreement itself:

17 "After Armstrong beat Scientology's lawsuit
18 against him in 1984, he was poised to
19 prosecute his own claims. For millions of
20 dollars, however, in 1986 Scientology settled
21 with he and over 17 other Scientology
22 knowledgeable individuals on the condition
23 that those persons would forever keep silent,
24 avoid giving sworn testimony by evading
25 subpoenas, and never aid or assist anyone
26 adverse to Scientology."

27 The distribution of the press release violated the provisions of
28 paragraphs 7(D) and 18 of the Agreement.

29 45. By reason of the foregoing breach by Armstrong,
30 plaintiff is entitled to \$50,000 in liquidated damages and
31 compensatory damages not presently known but believed to be in
32 excess of the jurisdictional minimum of this Court.

33 SIXTH CAUSE OF ACTION *Granted*

34 (For Breach of Contract by Armstrong)

35 46. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-
36 38, 40-41 and 43-45, inclusive, and incorporates them hereby by reference.

1 47. On or about March 19 and 20, 1992, Armstrong and
2 Greene, acting as Armstrong's agent, granted the media additional
3 interviews, which also violated paragraph 2 of the Agreement.
4 During the course of his interview with the Cable News Network,
5 for example, Armstrong stated, "I'm an expert in the
6 misrepresentations Hubbard has made about himself from the
7 beginning of Dianetics until the day he died." Attached hereto
8 and incorporated herein by reference as Exhibit C is a true and
9 correct transcription of the CNN broadcast which featured this
10 statement made voluntarily by Armstrong in a media interview.

11 48. By reason of the foregoing breach of the Agreement,
12 plaintiff is entitled to \$50,000 in liquidated damages.

13 **SEVENTH CAUSE OF ACTION**

14 (Against Armstrong for Breach of Contract)

15 49. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-
16 38, 40-41, 43-45 and 47-48, inclusive and incorporates them
17 herein by reference.

18 50. On or about February, 1992, Armstrong agreed to appear
19 voluntarily as an "expert witness" in litigation known as
20 Hunziker v. Applied Materials, No. 692629 S.C.S.C (the "Hunziker
21 case"). The alleged subject of his "expertise" was Scientology.
22 The defendants named in the Hunziker case include, inter alia,
23 World Institute of Scientology Enterprises, Inc., which is a
24 Scientology affiliated entity protected by the Agreement.

25 51. On or about February 21, 1992 and February 23, 1992,
26 Armstrong met voluntarily with James Rummond and John Elstead,
27 attorneys for the plaintiffs in the Hunziker case. During his
28 meetings with these attorneys, Armstrong discussed his alleged

1 history and experiences with plaintiff and with other Scientology
2 entities and individuals protected by the Agreement, and offered
3 to appear for the plaintiffs as an "expert" on the subject of
4 Scientology practices and beliefs.

5 52. On March 3, 1992, Armstrong voluntarily, and without
6 the issuance of a subpoena by anyone, appeared for deposition in
7 the Hunziker case and accepted a fee for his testimony from the
8 defendants in that case of \$1,000. During the course of the
9 deposition, which lasted for approximately four hours, Armstrong
10 testified at length concerning his alleged experiences with and
11 concerning plaintiff and other Scientology affiliated entities
12 and individuals protected by the Agreement, and concerning
13 knowledge and information which he claimed to have concerning
14 plaintiff and other Scientology affiliated entities and
15 individuals.

16 53. During his deposition on March 3, 1992, Armstrong
17 produced documents which he claimed to have reviewed in
18 preparation for his testimony, in violation of paragraph 7(D) of
19 the Agreement.

20 54. On or about March 12, 1992, Armstrong again appeared
21 for deposition in the Hunziker case. This time, Armstrong
22 claimed that he had been given a deposition subpoena not by the
23 deposing attorney, but by attorney Elstead, and that Elstead had
24 "filled out" the subpoena earlier that morning. Armstrong
25 refused to produce a copy of the alleged subpoena, which had not
26 been served on any of the parties to the case. In fact,
27 Armstrong himself requested that Elstead issue him a subpoena on
28 Sunday, March 8, 1992, after a temporary restraining order was

1 issued in this case. On March 8, 1992, Armstrong delivered
2 additional documents to Elstead, again in violation of paragraph
3 7(D) of the Agreement.

4 55. Plaintiff learned in April, 1992, through review of the
5 aforesaid deposition transcript, that since the signing of the
6 Agreement, Armstrong had "taken it upon [him]self" to reacquire
7 documents which he had previously returned to plaintiff "from
8 whatever source." He produced many of those documents
9 voluntarily, first to Elstead on March 8, 1992, and then to
10 opposing counsel during the March 12, 1992 deposition.

11 56. These actions and disclosures are violations of
12 Paragraphs 7(D), 7(G), 7(H) and 10 of the Agreement, requiring
13 that Armstrong pay to CSI \$250,000 in liquidated damages.

14 **EIGHTH CAUSE OF ACTION**

15 (Against Armstrong for Breach of Contract)

16 57. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-
17 38, 40-41, 43-45, 47-48, 50-56, inclusive, and incorporates them
18 herein by reference.

19 58. On or about April 7, 1992, while testifying in the
20 matter known as Church of Scientology v. Yanny, (No. BC 033035),
21 Armstrong made the Settlement Agreement sued upon herein an
22 exhibit to the deposition transcript. Said action was a breach
23 of paragraph 18(D) of the Agreement which prohibits disclosure of
24 the contents of the Agreement.

25 59. By reason of the foregoing breach of the Agreement,
26 Plaintiff is entitled to \$50,000 in liquidated damages, together
27 with compensatory damages in an amount not presently known to
28 plaintiff but believed to be in excess of the jurisdictional

1 minimum of this court.

2 NINTH CAUSE OF ACTION

3 (Against Armstrong for Beach of Contract)

4 60. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-
5 38, 40-41, 43-45, 47-48, 50-56 and 58-59, inclusive, and
6 incorporates them herein by reference.

7 61. In breach of the provision of paragraph 7(E) of the
8 Agreement, Armstrong failed to return a letter written by L. Ron
9 Hubbard to the Federal Bureau of Investigation in 1955 and an
10 internal communication known as "Technical Bulletin."

11 62. In breach of the provisions of paragraph 7(H) of the
12 Agreement, Armstrong gave a declaration in the Aznaran litigation
13 on August 26, 1991 in opposition to a motion to exclude expert
14 testimony.

15 63. Said declaration attached as exhibits the two documents
16 referred to in paragraph 61 above, in breach of the provisions of
17 Paragraph 7(D) of the Agreement.

18 64. By reason of the breaches by Armstrong in paragraphs
19 7(E) and 7(H) of the Agreement, plaintiff has been damaged in an
20 amount not presently known but believed to be in excess of the
21 jurisdictional minimum of this Court.

22 65. By reason of the breach by Armstrong of paragraph 7(D)
23 of the Agreement, plaintiff is entitled to liquidated damages in
24 the amount of \$50,000.

25 TENTH CAUSE OF ACTION

26 (Against Armstrong for Breach of Contract)

27 66. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-
28 38, 40-41, 43-45, 47-48, 50-56, 58-59 and 61-65, inclusive, and

1 incorporates them herein by reference.

2 67. Plaintiff learned in March, 1992, that during 1990 and
3 1991, Armstrong voluntarily provided aid and advice to Bent
4 Corydon and to Corydon's attorney, Toby Plevin, in the conduct of
5 litigation against plaintiff and affiliated entities in the case
6 of Bent Corydon v. Church of Scientology International, et al.,
7 Los Angeles Superior Court Case No. C 694401.

8 68. Armstrong's voluntary provision of aid to Plevin to
9 work on Corydon's litigation is a direct violation of paragraphs
10 7(G) and 10 of the Agreement.

11 69. As a direct and proximate result of Armstrong's breach
12 of the Agreement by providing voluntary assistance to Plevin in
13 Corydon's litigation, plaintiff has incurred damages which are
14 not presently calculable. In no event, however, are they less
15 than the jurisdictional minimum of this Court. Consequently, for
16 this breach plaintiff seeks compensatory and consequential
17 damages according to proof.

18 ELEVENTH CAUSE OF ACTION

Denied

19 (Against Armstrong for Breach of Contract)

20 70. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-
21 38, 40-41, 43-45, 47-48, 50-56, 58-59, 61-65, 67-69, inclusive,
22 and incorporates them herein by reference.

23 71. On May 27, 1992, after plaintiff's motion for
24 preliminary injunction in this matter had been argued, and while
25 a determination of that motion was still pending, Armstrong
26 voluntarily provided a declaration to Gary M. Bright and Jerold
27 Fagelbaum, attorneys for defendants David Mayo, Church of the New
28 Civilization, John Nelson, Harvey Haber, Vivien Zegel and Dede

1. Reisdorf in the consolidated cases of Religious Technology
2 Center, et al. v. Robin Scott, et al., and Religious Technology
3 Center, et al. v. Wollersheim, et al., United States District
4 Court for the Central District of California, Case Nos. CV 85-711
5 JMI (Bx) and CV 85-7197 JMI (Bx) (the "Scott case"). The
6 plaintiffs in the Scott case are plaintiff, Church of Scientology
7 International, Church of Scientology of California, and Religious
8 Technology Center, all entities specifically protected by the
9 Agreement.

10 72. In his May 27, 1992 declaration, Armstrong purports to
11 authenticate an earlier declaration which describes some of his
12 alleged experiences with and concerning plaintiff, as well as a
13 portion of a transcript which was ordered sealed in the earlier
14 action between plaintiff and defendant. These actions and
15 disclosures are violations of paragraphs 7(G), 7(H) and 10 of the
16 Agreement, requiring that Armstrong pay to CSI \$50,000 in
17 liquidated damages.

18 73. As a direct and proximate result of Armstrong's breach
19 of the Agreement by providing voluntary assistance to Bright and
20 Fagelbaum in the Scott case, plaintiff has incurred additional
21 damages which are not presently calculable. In no event,
22 however, are they less than the jurisdictional minimum of this
23 Court. Consequently, for this breach plaintiff also seeks
24 compensatory and consequential damages according to proof.

25 **TWELFTH CAUSE OF ACTION**

26 (Against All Defendants for Breach of Contract)

27 74. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-
28 38, 40-41, 43-45, 47-48, 50-56, 58-59, 61-65, 67-69, 71-73,

1 inclusive, and incorporates them herein by reference.

2 75. Since August, 1991, Armstrong has worked as a paralegal
3 for attorney Ford Greene. Mr. Greene's practice consists
4 substantially of pressing claims by former Scientologists against
5 the plaintiff and other individuals and entities identified in
6 paragraph 1 as beneficiaries of the Agreement (collectively, "the
7 Beneficiaries").

8 76. Among Mr. Greene's clients who are pressing claims
9 against one or more of the Beneficiaries are Ed Roberts and
10 Denise Cantin.

11 77. While working in Mr. Greene's office, Armstrong
12 provided substantial paralegal assistance to Mr. Greene in the Ed
13 Roberts and Denise Cantin matters. In the case of Roberts, for
14 example, Armstrong went to Colorado and interviewed Roberts in
15 November, 1991, and has interviewed him at least seven times
16 since then. In December, 1992, Armstrong even made a settlement
17 demand to plaintiff's counsel on behalf of Roberts, without
18 bothering to go through Roberts' attorney, Mr. Greene.

19 78. Armstrong's employment by Greene to work on the Roberts
20 and Cantin matters is a direct violation of paragraphs 7(G) and
21 10 of the Agreement.

22 79. As a direct and proximate result of Armstrong's breach
23 of the agreement by providing paralegal assistance to Greene on
24 the Roberts and Cantin matters, plaintiff has incurred damages
25 which are not presently calculable. In no event, however, are
26 they less than the jurisdictional minimum of this Court.
27 Consequently, for this breach plaintiff seeks compensatory and
28 consequential damages according to proof.

1 spoke with approximately fifty (50) people, and willingly
2 disclosed to them his claimed experiences with Scientology, in
3 violation of paragraphs 7(D) and 18 of the Agreement.

4 85. By reason of the foregoing breaches by Armstrong,
5 plaintiff is entitled to at least \$150,000 in liquidated damages,
6 and further liquidated damages subject to proof.

7 **FOURTEENTH CAUSE OF ACTION**

8 (For Breach of Contract Against All Defendants)

9 86. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-
10 38, 40-41, 43-45, 47-48, 50-56, 58-59, 61-65, 67-69, 71-73, 75-79
11 and 81-85, inclusive, and incorporates them herein by reference.

12 87. On or about December 22, 1992, Armstrong sent a letter
13 to, inter alia, Malcolm Nothling, Ed Roberts, Lawrence
14 Wollersheim, Richard Aznaran, Vicki Aznaran, Richard Behar, Ford
15 Greene, Paul Morantz, Joseph A. Yanny, Toby L. Plevin, Graham E.
16 Berry, Stuart Cutler, Anthony Laing, John C. Elstead, Fr. Kent
17 Burtner, Margaret Singer, Cult Awareness Network and Daniel A.
18 Leipold. Each of these individuals or organizations is (a)
19 engaged in litigation against plaintiff and/or other
20 Beneficiaries; (b) an avowed adversary of plaintiff and/or other
21 Beneficiaries; and/or (c) an attorney who represents or has
22 represented litigants and/or adversaries of plaintiff and/or
23 other Beneficiaries. A true and correct copy of the letter sent
24 by Armstrong is attached hereto as Exhibit E. Said letter
25 violates the Agreement in that it contains purported disclosures
26 by Armstrong of his claimed experiences with Scientology as
27 prohibited by paragraph 7(D).

28 88. In addition, the letter devotes an entire section to a

1 description of the earlier action resulting from the breaches of
2 the Settlement Agreement and to a description of the Settlement
3 Agreement itself. The sending of the letter to plaintiff's
4 adversaries violated the provision of paragraph 7(D) of the
5 Agreement.

6 89. By reason of the foregoing breach of the Agreement,
7 plaintiff is entitled to \$950,000 in liquidated damages.

8 **FIFTEENTH CAUSE OF ACTION**

9 (Against All Defendants for Breach of Contract)

10 90. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-
11 38, 40-41, 43-45, 47-48, 50-56, 58-59, 61-65, 71-73, 75-79, 81-85
12 and 87-89, inclusive and incorporates them herein by reference.

13 91. According to Armstrong, sometime between December 22,
14 1992 and March 10, 1993, he spoke at an event at which
15 approximately 30 to 40 people were present. At this event,
16 Armstrong spoke of, inter alia, his claimed experiences with
17 Scientology, in violation of at least paragraphs 7(D) and 18 of
18 the Agreement, and received monetary compensation for his speech.

19 92. By reason of the foregoing breach of the Agreement,
20 plaintiff is entitled to \$50,000 in liquidated damages.

21 **SIXTEENTH CAUSE OF ACTION** *Granted*

22 (Against All Defendants for Breach of Contract)

23 93. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-
24 38, 40-41, 43-45, 47-48, 50-56, 58-59, 61-65, 71-73, 75-79, 81-
25 85, 87-89, 91-92, inclusive, and incorporates them herein by
26 reference.

27 94. In or about June, 1993, Armstrong gave an interview to
28 one or more reporters from Newsweek magazine, which also violated

1 paragraph 7(D) of the Agreement. Plaintiff is informed, and
2 therefore believes, that during the course of his interview with
3 the Newsweek reporter(s), whose identity is known to defendants
4 but not to plaintiff, Armstrong stated that the Founder of the
5 Scientology faith, L. Ron Hubbard, wanted "rich Scientologists to
6 buy huge quantities of [The Way to Happiness] for distribution.
7 He wanted to go down in history as a scientist or a philosopher
8 or both." Attached hereto and incorporated herein by reference
9 as Exhibit F is a true and correct copy of the Newsweek article
10 which featured this statement made voluntarily by Armstrong in a
11 media interview. The provision of this interview by Armstrong
12 violated the provisions of paragraphs 2, 7(D) and 18 of the
13 Agreement.

14 95. By reason of the foregoing breach of the Agreement,
15 plaintiff is entitled to \$50,000 in liquidated damages.

16 SEVENTEENTH CAUSE OF ACTION *Granted*

17 (Against All Defendants for Breach of Contract)

18 96. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-
19 38, 40-41, 43-45, 47-48, 50-56, 58-59, 61-65, 67-69, 71-73, 75-
20 79, 81-85, 87-89, 91-92 and 94-95, inclusive, and incorporates
21 them herein by reference.

22 97. In or about August, 1993, Armstrong gave an interview
23 to one or more reporters from Entertainment Television, with the
24 intention that the reporters broadly republish the interview on
25 national television, which also violated paragraph 7(D) of the
26 Agreement. During the course of his interview with the
27 Entertainment Television reporter(s), whose identity is known to
28 defendants but not to plaintiff, Armstrong made statements

1 concerning his claimed experiences with Scientology. Further,
2 Armstrong provided to Entertainment Television a copy of a
3 manuscript entitled: "ONE HELL OF A STORY An Original Treatment
4 Written for Motion Picture Purposes Created and Written by Gerald
5 Armstrong" (hereinafter, "the treatment"). Plaintiff is informed
6 and believes that the treatment so provided includes detailed
7 descriptions of Armstrong's alleged experiences in and concerning
8 Scientology, including a description of Church scriptures which
9 are considered sacred and confidential by the Church. Portions
10 of the Armstrong interview and the treatment were shown on
11 Entertainment Television's "Entertainment Tonight" show on August
12 5, 1993. The provision of this interview and the treatment by
13 Armstrong to Entertainment Television violated the provisions of
14 at least paragraphs 7(D) and 18 of the Agreement.

15 98. By reason of the foregoing breach of the Agreement,
16 plaintiff is entitled to \$50,000 in liquidated damages.

17 **EIGHTEENTH CAUSE OF ACTION**

18 (Against All Defendants for Injunctive Relief)

19 99. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-
20 38, 40-41, 43-45, 47-48, 50-56, 58-59, 61-65, 67-69, 71-73, 75-
21 79, 81-85, 87-89, 91-92, 94-95, 97-98, inclusive, and
22 incorporates them herein by reference.

23 100. In or about June 1993, defendant Armstrong caused the
24 formation of and became a director and officer of a Colorado
25 corporation which he called Fight Against Coercive Tactics, Inc.
26 ("FACTI"). One of the avowed purposes of this corporation is to
27 foment civil litigation against plaintiff and the other entities
28 and individuals protected by the Agreement. Armstrong formed

1 FACTI to implement his plan to foment such litigation.

2 101. Armstrong has established FACTI to create an electronic
3 "library" that would feature, inter alia, hundreds of documents,
4 declarations, exhibits and arguments prepared by Armstrong which
5 discuss and pertain to the Beneficiaries, and to attempt to
6 "shelter" these contractual breaches under a corporate name and
7 the rubric of First Amendment privilege.

8 102. Armstrong has provided an entire assortment of
9 documents to FACTI for its electronic library, including a copy
10 of the settlement agreement herein, scores of declarations, and
11 documents which Armstrong retained in violation of paragraph 7(E)
12 of the Agreement. Providing these documents to FACTI with the
13 intention that FACTI distribute them to others, including but not
14 limited to other litigants, is a breach of paragraphs 7(H) and
15 7(D) of the Agreement.

16 103. In or about January, 1994, Armstrong, using FACTI, sent
17 a mass mailing to an as yet unascertained number of people,
18 including members of the Scientology faith. In the mailing,
19 Armstrong exhorts recipients to bring civil actions against the
20 Church, stating that he is collecting negative information about
21 the plaintiff "to assist ongoing litigation." Further, Armstrong
22 requests the addresses of and ways to contact the family members
23 of senior Church executives, an action which is clearly intended
24 for the purpose of harassment.

25 104. To further the fomenting of litigation, the mailing
26 contains a list, based on rumor, falsehood and innuendo, of
27 persons supposedly harmed or injured by their belief in the
28 Scientology religion. Plaintiff is informed and believes that

1 Armstrong, using FACTI as his cover, provided that list to Graham
2 Berry, an attorney representing defendant Uwe Geertz in the case
3 of Church of Scientology International v. Steven Fishman, et al.,
4 United States District Court for the Central District of Los
5 Angeles, Case No. 91-6426 HLH (Tx), which Berry then used against
6 the Church in that action.

7 105. Armstrong's provision of assistance to Geertz and
8 scores of other as yet unidentified would-be litigants is a
9 direct violation of paragraphs 7(G) and 10 of the Agreement.

10 106. As a direct and proximate result of Armstrong's breach
11 of the agreement via FACTI, plaintiff has incurred damages which
12 are not presently calculable. In no event, however, are they
13 less than the jurisdictional minimum of this Court. Consequently,
14 for this breach plaintiff seeks compensatory and consequential
15 damages according to proof.

16 **NINETEENTH CAUSE OF ACTION** *Granted*

17 (Against Armstrong for Breach of Contract)

18 107. Plaintiff realleges paragraphs 1-19, 21-28, 30 -34, 36-
19 38, 40-41, 47-48, 50-56, 58-59, 61-65, 67-69, 71-73, 75-79, 81-
20 85, 87-89, 91-92, 94-95, 97-98, and 100-106, inclusive, and
21 incorporates them herein by reference.

22 108. On or about February 22, 1994, Armstrong voluntarily
23 provided a declaration to Graham E. Berry, Gordon C. Calhoun, and
24 the law firm of Lewis, D'Amato, Brisbois & Bisgaard, attorneys
25 for defendant Uwe Geertz in the case of Church of Scientology
26 International v. Steven Fishman and Uwe Geertz, United States
27 District Court for the Central District of California, Case No.
28 CV 91-6426 HLH (Tx). The declaration consists of a 14-page

1 discussion of his claimed experiences with and concerning
2 plaintiff.

3 109. In his February 22, 1994 declaration, Armstrong also
4 purports to authenticate a document which he titles "Find a
5 Better Basket," and which he claims is both a literary work and a
6 declaration. Armstrong further claims that "Find a Better
7 Basket" describes some of his alleged experiences with and
8 concerning plaintiff.

9 110. These actions and disclosures are violations of
10 paragraphs 7(G), 7(H) and 10 of the Agreement, requiring that
11 Armstrong pay to CSI \$50,000 in liquidated damages.

12 111. As a direct and proximate result of Armstrong's breach
13 of the Agreement by providing voluntary assistance to Berry and
14 Calhoun in the Fishman case, plaintiff has incurred additional
15 damages which are not presently calculable. In no event,
16 however, are they less than the jurisdictional minimum of this
17 Court. Consequently, for this breach plaintiff also seeks
18 compensatory and consequential damages according to proof.

19 **TWENTIETH CAUSE OF ACTION** *Granted*

20 (Against All Defendants for Injunctive Relief)

21 112. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-
22 38, 40-41, 47-48, 50-56, 58-59, 61-65, 67-69, 71-73, 75-79, 81-
23 85, 87-89, 91-92, 94-95, 97-98, 100-106 and 108-111, inclusive,
24 and incorporates them herein by reference.

25 113. On or about April 28, 1993, plaintiff learned that
26 Armstrong intended to appear that day on radio station KFAX and
27 disclose his claimed experiences with Scientology. Plaintiff's
28 counsel, Laurie Bartilson, faxed a letter to Armstrong and his

1 attorney, informing him that plaintiff would consider any such
2 appearance to be a violation of the Agreement, and would subject
3 Armstrong to the liquidated damages provision contained therein.
4 In response, Armstrong sent a letter to Ms. Bartilson which
5 stated, inter alia,

6 Your threat that you will subject me to the liquidated
7 damages provision of the settlement agreement for
8 appearing on KFAX is obscene. Even its inclusion in
the settlement agreement; that is \$50,000.00 per word I
write or speak about your organization is obscene....

9 In addition, Armstrong asserted that settlement agreements were
10 an "antisocial policy" of plaintiff. He stated that he would not
11 stop making media appearances and speeches, and that he had more
12 planned for the near future if plaintiff did not immediately
13 accede to his demands:

14 I expect to be doing various media appearances in the
15 near future and talks to various groups, including one
16 I have already agreed to with a university psychology
17 class. I think it would be very beneficial, therefore,
to resolve our differences as soon as possible by your
organization's clear repudiation of its antisocial
policies and practices, so that I can have good things
to report at these talks.

18 114. In or about June, 1993, Armstrong made good his
19 threats, and gave an interview to a reporter(s) from Newsweek
20 magazine, as described in paragraph 94, supra.

21 115. On July 2, 1993, again making good his threats,
22 Armstrong appeared in Los Angeles, California at the Los Angeles
23 Superior Court. He attended a hearing in the Wollersheim II
24 case, and afterwards gave an interview to a reporter who claimed
25 to be "working on a story," but refused to identify himself.

26 116. In or about August, 1993, Armstrong gave an interview
27 to reporters from Entertainment Television, as described in
28

1 paragraph 97, supra.

2 117. In or about August, 1993, Armstrong delivered to
3 Entertainment Television a motion picture "treatment" concerning
4 his experiences in and concerning Scientology, and told reporters
5 for Entertainment Television that he was trying to "sell" the
6 treatment, and have his claimed experiences portrayed in a motion
7 picture.

8 118. In his February 22, 1994 declaration, which Armstrong
9 provided to attorneys for litigant Uwe Geertz, Armstrong
10 purported to authenticate a document which he titles "Find a
11 Better Basket." Armstrong further claims that "Find a Better
12 Basket" supposedly describes some of his alleged experiences with
13 and concerning plaintiff is the treatment for a screenplay which
14 he hopes to sell.

15 119. As described in paragraphs 100-103, supra, Armstrong
16 has, in concert with others, created a computer bulletin board
17 which has as its purpose facilitating continuous breaches of the
18 Agreement by electronic means.

19 120. As a direct and proximate result of Armstrong's breach
20 of the Agreement by disclosing his experiences, by making media
21 appearances, by repeatedly providing assistance to litigants,
22 would-be claimants and their attorneys, and by creating and
23 operating FACTI, which breaches are persistent and continuing,
24 CSI is and will continue to be irreparably harmed, and unless
25 Armstrong and those acting in concert with him are preliminarily
26 and permanently enjoined from continuing that unlawful conduct,
27 further irreparable harm will be caused to CSI.

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ON THE FIRST CAUSE OF ACTION

1. For compensatory and consequential damages according to proof.
2. For attorneys' fees and costs of suit.

ON THE SECOND CAUSE OF ACTION

1. For liquidated damages in the amount of \$50,000.
2. For attorneys' fees and costs of suit.

ON THE THIRD CAUSE OF ACTION

1. For compensatory and consequential damages according to proof.
2. For attorneys' fees and costs of suit.

ON THE FOURTH CAUSE OF ACTION

1. For liquidated damages in the amount of \$50,000.
2. For attorneys' fees and costs of suit.

ON THE FIFTH CAUSE OF ACTION

1. For liquidated damages in the amount of \$50,000.
2. For compensatory and consequential damages according to proof.
3. For attorneys' fees and costs of suit.

ON THE SIXTH CAUSE OF ACTION

1. For liquidated damages in the amount of \$50,000.
2. For attorneys' fees and costs of suit.

ON THE SEVENTH CAUSE OF ACTION

1. For liquidated damages in the amount of \$250,000.
2. For attorneys' fees and costs of suit.

ON THE EIGHTH CAUSE OF ACTION

1. For liquidated damages in the amount of \$50,000.
2. For attorneys' fees and costs of suit.

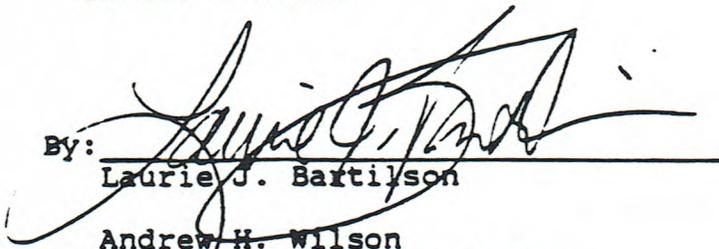
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ON ALL CAUSES OF ACTION

1. For such other and further relief as the Court may deem just and proper.

DATED: April 4, 1994

BOWLES & MOXON

By: 

Laurie J. Bartilson

Andrew H. Wilson
WILSON, RYAN & CAMPILONGO

Attorneys for Plaintiff
CHURCH OF SCIENTOLOGY
INTERNATIONAL

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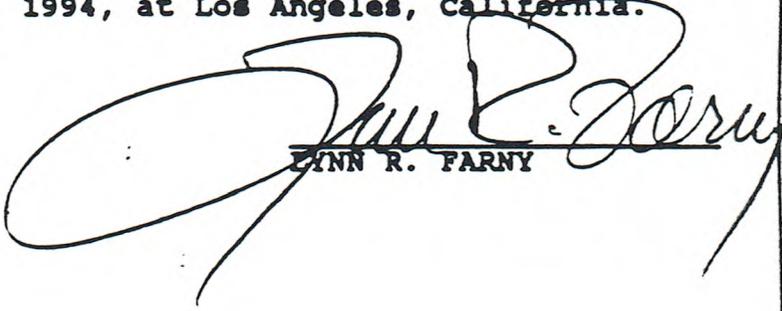
VERIFICATION

I, LYNN R. FARNY, declare as follows:

I am Secretary of the Plaintiff, Church of Scientology International, in the above-entitled matter. I have read the foregoing Verified Second Amended Complaint for Damages and for Preliminary and Permanent Injunctive Relief for Breach of Contract and know the contents thereof, which are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters, I believe them to be true.

I declare under the penalty of perjury pursuant to the laws of the State of California that the foregoing is true and correct.

Executed on April 4, 1994, at Los Angeles, California.


LYNN R. FARNY

MUTUAL RELEASE OF ALL CLAIMS AND SETTLEMENT AGREEMENT

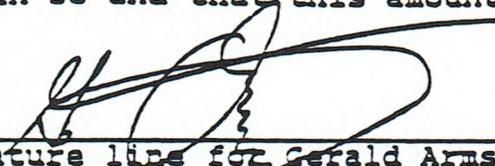
1. This Mutual Release of All Claims and Settlement Agreement is made between Church of Scientology International (hereinafter "CSI") and Gerald Armstrong, (hereinafter "Plaintiff") Cross-Complainant in Gerald Armstrong v. Church of Scientology of California, Los Angeles Superior Court, Case No. 420 153. By this Agreement, Plaintiff hereby specifically waives and releases all claims he has or may have from the beginning of time to and including this date, including all causes of action of every kind and nature, known or unknown for acts and/or omissions against the officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel of CSI as well as the Church of Scientology of California, its officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel; Religious Technology Center, its officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel; all Scientology and Scientology affiliated organizations and entities and their officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel; Author Services, Inc., its officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel; L. Ron Hubbard, his heirs, beneficiaries, Estate and its executor; Author's Family Trust, its beneficiaries and its trustee; and Mary Sue Hubbard, (all hereinafter collectively referred to as the

"Releasees"). The parties to this Agreement hereby agree as follows:

2. It is understood that this settlement is a compromise of doubtful and disputed claims, and that any payment is not to be construed, and is not intended, as an admission of liability on the part of any party to this Agreement, specifically, the Releasees, by whom liability has been and continues to be expressly denied. In executing this settlement Agreement, Plaintiff acknowledges that he has released the organizations, individuals and entities listed in the above paragraph, in addition to those defendants actually named in the above lawsuit, because among other reasons, they are third party beneficiaries of this Agreement.

3. Plaintiff has received payment of a certain monetary sum which is a portion of a total sum of money paid to his attorney, Michael J. Flynn. The total sum paid to Mr. Flynn is to settle all of the claims of Mr. Flynn's clients. Plaintiff's portion of said sum has been mutually agreed upon by Plaintiff and Michael J. Flynn. Plaintiff's signature below this paragraph acknowledges that Plaintiff is completely satisfied with the monetary consideration negotiated with and received by Michael J. Flynn. Plaintiff acknowledges that there has been a block settlement between Plaintiff's attorney, Michael J. Flynn, and the Church of Scientology and Churches and entities related to the Church of Scientology, concerning all of Mr. Flynn's clients who were in litigation with any Church of Scientology or related entity. Plaintiff has received a portion of this block.

amount, the receipt of which he hereby acknowledges. Plaintiff understands that this amount is only a portion of the block settlement amount. The exact settlement sum received by Plaintiff is known only to Plaintiff and his attorney, Michael J. Flynn, and it is their wish that this remain so and that this amount remain confidential.



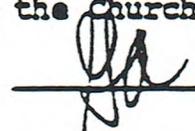
Signature line for Gerald Armstrong

4. For and in consideration of the above described consideration, the mutual covenants, conditions and release contained herein, Plaintiff does hereby release, acquit and forever discharge, for himself, his heirs, successors, executors, administrators and assigns, the Releasees, including Church of Scientology of California, Church of Scientology International, Religious Technology Center, all Scientology and Scientology affiliated organizations and entities, Author Services, Inc. (and for each organization or entity, its officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel); L. Ron Hubbard, his heirs, beneficiaries, Estate and its executor; Author's Family Trust, its beneficiaries and trustee; and Mary Sue Hubbard, and each of them, of and from any and all claims, including, but not limited to, any claims or causes of action entitled Gerald Armstrong v. Church of Scientology of California, Los Angeles Superior Court, Case No. 420 153 and all demands, damages, actions and causes of actions of every kind and nature, known or unknown,

for or because of any act or omission allegedly done by the Releasees, from the beginning of time to and including the date hereof. Therefore, Plaintiff does hereby authorize and direct his counsel to dismiss with prejudice his claims now pending in the above referenced action. The parties hereto will execute and cause to be filed a joint stipulation of dismissal in the form of the one attached hereto as Exhibit "A".

A. It is expressly understood by Plaintiff, that this release and all of the terms thereof do not apply to the action brought by the Church of Scientology against Plaintiff for Conversion, Fraud and other causes of action, which action has already gone to trial and is presently pending before the Second District, Third Division of the California Appellate Court (Appeal No. B005912). The disposition of these claims are controlled by the provisions of the following paragraph hereinafter.

B. As of the date this settlement Agreement is executed, there is currently an appeal pending before the California Court of Appeal, Second Appellate District, Division 3, arising out of the above referenced action delineated as Appeal No. B005912. It is understood that this appeal arises out of the Church of Scientology's complaint against Plaintiff which is not settled herein. This appeal shall be maintained notwithstanding this Agreement. Plaintiff agrees to waive any rights he may have to take any further appeals from any decision eventually reached by the Court of Appeal or any rights he may have to oppose (by responding brief or any other means) any further appeals taken by the Church of

A handwritten signature in black ink, appearing to be 'JL', is written over a horizontal line at the bottom right of the page.

Scientology of California. The Church of Scientology of California shall have the right to file any further appeals it deems necessary.

5. For and in consideration of the mutual covenants, conditions and release contained herein, and Plaintiff dismissing with prejudice the action Gerald Armstrong v. Church of Scientology of California, Los Angeles Superior Court, Case No. 420 153, the Church of Scientology of California does hereby release, acquit and forever discharge for itself, successors and assigns, Gerald Armstrong, his agents, representatives, heirs, successors, assigns, legal counsel and estate and each of them, of and from any and all claims, causes of action, demands, damages and actions of every kind and nature, known or unknown, for or because of any act or omission allegedly done by Gerald Armstrong from the beginning of time to and including the date hereof.

6. In executing this Agreement, the parties hereto, and each of them, agree to and do hereby waive and relinquish all rights and benefits afforded under the provisions of Section 1542 of the Civil Code of the State of California, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

7. Further, the undersigned hereby agree to the following:

A. The liability for all claims is expressly denied by the parties herein released, and this final compromise and

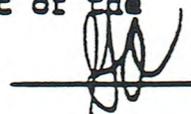
settlement thereof shall never be treated as an admission of liability or responsibility at any time for any purpose.

B. Plaintiff has been fully advised and understands that the alleged injuries sustained by him are of such character that the full extent and type of injuries may not be known at the date hereof, and it is further understood that said alleged injuries, whether known or unknown at the date hereof, might possibly become progressively worse and that as a result, further damages may be sustained by Plaintiff; nevertheless, Plaintiff desires by this document to forever and fully release the Releasees. Plaintiff understands that by the execution of this release no further claims arising out of his experience with, or actions by, the Releasees, from the beginning of time to and including the date hereof, which may now exist or which may exist in the future may ever be asserted by him or on his behalf, against the Releasees.

C. Plaintiff agrees to assume responsibility for the payment of any attorney fee, lien or liens, imposed against him past, present, or future, known or unknown, by any person, firm, corporation or governmental entity or agency as a result of, or growing out of any of the matters referred to in this release. Plaintiff further agrees to hold harmless the parties herein released, and each of them, of and from any liability arising therefrom.

D. Plaintiff agrees never to create or publish or attempt to publish, and/or assist another to create for publication by means of magazine, article, book or other

similar form, any writing or to broadcast or to assist another to create, write, film or video tape or audio tape any show, program or movie, or to grant interviews or discuss with others, concerning their experiences with the Church of Scientology, or concerning their personal or indirectly acquired knowledge or information concerning the Church of Scientology, L. Ron Hubbard or any of the organizations, individuals and entities listed in Paragraph 1 above. Plaintiff further agrees that he will maintain strict confidentiality and silence with respect to his experiences with the Church of Scientology and any knowledge or information he may have concerning the Church of Scientology, L. Ron Hubbard, or any of the organizations, individuals and entities listed in Paragraph 1 above. Plaintiff expressly understands that the non-disclosure provisions of this subparagraph shall apply, inter alia, but not be limited, to the contents or substance of his complaint on file in the action referred to in Paragraph 1 hereinabove or any documents as defined in Appendix "A" to this Agreement, including but not limited to any tapes, films, photographs, recastings, variations or copies of any such materials which concern or relate to the religion of Scientology, L. Ron Hubbard, or any of the organizations, individuals, or entities listed in Paragraph 1 above. The attorneys for Plaintiff, subject to the ethical limitations restraining them as promulgated by the state or federal regulatory associations or agencies, agree not to disclose any of the terms and conditions of the settlement negotiations, amount of the

A handwritten signature in black ink, consisting of stylized initials and a surname, positioned at the bottom right of the page.

settlement, or statements made by either party during settlement conferences. Plaintiff agrees that if the terms of this paragraph are breached by him, that CSI and the other Releasees would be entitled to liquidated damages in the amount of \$50,000 for each such breach. All monies received to induce or in payment for a breach of this Agreement, or any part thereof, shall be held in a constructive trust pending the outcome of any litigation over said breach. The amount of liquidated damages herein is an estimate of the damages that each party would suffer in the event this Agreement is breached. The reasonableness of the amount of such damages are hereto acknowledged by Plaintiff.

E. With exception to the items specified in Paragraph 7(L), Plaintiff agrees to return to the Church of Scientology International at the time of the consummation of this Agreement, all materials in his possession, custody or control (or within the possession, custody or control of his attorney, as well as third parties who are in possession of the described documents), of any nature, including originals and all copies or summaries of documents defined in Appendix "A" to this Agreement, including but not limited to any tapes, computer disks, films, photographs, recastings, variations or copies of any such materials which concern or relate to the religion of Scientology, L. Ron Hubbard or any of the organizations, individuals or entities listed in Paragraph 1 above, all evidence of any nature, including evidence obtained from the named defendants through discovery, acquired for the purposes of this lawsuit or any lawsuit, or acquired for any other purpose

concerning any Church of Scientology, any financial or administrative materials concerning any Church of Scientology, and any materials relating personally to L. Ron Hubbard, his family, or his estate. In addition to the documents and other items to be returned to the Church of Scientology International listed above and in Appendix "A", Plaintiff agrees to return the following:

(a) All originals and copies of the manuscript for the work "Excalibur" written by L. Ron Hubbard;

(b) All originals and copies of documents commonly known as the "Affirmations" written by L. Ron Hubbard; and

(c) All documents and other items surrendered to the Court by Plaintiff and his attorneys pursuant to Judge Cole's orders of August 24, 1982 and September 4, 1982 and all documents and other items taken by the Plaintiff from either the Church of Scientology or Omar Garrison. This includes all documents and items entered into evidence or marked for identification in Church of Scientology of California v. Gerald Armstrong, Case No. C 420 153. Plaintiff and his attorney will execute a Joint Stipulation or such other documents as are necessary to obtain these documents from the Court. In the event any documents or other items are no longer in the custody or control of the Los Angeles Superior Court, Plaintiff and his counsel will assist the Church in recovering these documents as quickly as possible, including but not limited to those tapes and other documents now in the possession of the United States District Court in the case of United States v. Zolin, Case No. CV

85-0440-HLH(Tx), presently on appeal in the Ninth Circuit Court of Appeals. In the event any of these documents are currently lodged with the Court of Appeal, Plaintiff and his attorneys will cooperate in recovering those documents as soon as the Court of Appeal issues a decision on the pending appeal.

To the extent that Plaintiff does not possess or control documents within categories A-C above, Plaintiff recognizes his continuing duty to return to CSI any and all documents that fall within categories A-C above which do in the future come into his possession or control.

F. Plaintiff agrees that he will never again seek or obtain spiritual counselling or training or any other service from any Church of Scientology, Scientologist, Dianetics or Scientology auditor, Scientology minister, Mission of Scientology, Scientology organization or Scientology affiliated organization.

G. Plaintiff agrees that he will not voluntarily assist or cooperate with any person adverse to Scientology in any proceeding against any of the Scientology organizations, individuals, or entities listed in Paragraph 1 above. Plaintiff also agrees that he will not cooperate in any manner with any organizations aligned against Scientology.

H. Plaintiff agrees not to testify or otherwise participate in any other judicial, administrative or legislative proceeding adverse to Scientology or any of the Scientology Churches, individuals or entities listed in Paragraph 1 above unless compelled to do so by lawful subpoena or other lawful process. Plaintiff shall not make

himself amenable to service of any such subpoena in a manner which invalidates the intent of this provision. Unless required to do so by such subpoena, Plaintiff agrees not to discuss this litigation or his experiences with and knowledge of the Church with anyone other than members of his immediate family. As provided hereinafter in Paragraph 18(d), the contents of this Agreement may not be disclosed.

I. The parties hereto agree that in the event of any future litigation between Plaintiff and any of the organizations, individuals or entities listed in Paragraph 1 above, that any past action or activity, either alleged in this lawsuit or activity similar in fact to the evidence that was developed during the course of this lawsuit, will not be used by either party against the other in any future litigation. In other words, the "slate" is wiped clean concerning past actions by any party.

J. It is expressly understood and agreed by Plaintiff that any dispute between Plaintiff and his counsel as to the proper division of the sum paid to Plaintiff by his attorney of record is between Plaintiff and his attorney of record and shall in no way affect the validity of this Mutual Release of All Claims and Settlement Agreement.

K. Plaintiff hereby acknowledges and affirms that he is not under the influence of any drug, narcotic, alcohol or other mind-influencing substance, condition or ailment such that his ability to fully understand the meaning of this Agreement and the significance thereof is adversely affected.

L. Notwithstanding the provisions of Paragraph 7(E) above, Plaintiff shall be entitled to retain any artwork created by him which concerns or relates to the religion of Scientology, L. Ron Hubbard or any of the organizations, individuals or entities listed in Paragraph 1 above provided that such artwork never be disclosed either directly or indirectly, to anyone. In the event of a disclosure in breach of this Paragraph 7(L), Plaintiff shall be subject to the liquidated damages and constructive trust provisions of Paragraph 7(D) for each such breach.

8. Plaintiff further agrees that he waives and relinquishes any right or claim arising out of the conduct of any defendant in this case to date, including any of the organizations, individuals or entities as set forth in Paragraph 1 above, and the named defendants waive and relinquish any right or claim arising out of the conduct of Plaintiff to date.

9. This Mutual Release of All Claims and Settlement Agreement contains the entire agreement between the parties hereto, and the terms of this Agreement are contractual and not a mere recital. This Agreement may be amended only by a written instrument executed by Plaintiff and CSI. The parties hereto have carefully read and understand the contents of this Mutual Release of All Claims and Settlement Agreement and sign the same of their own free will, and it is the intention of the parties to be legally bound hereby. No other prior or contemporaneous agreements, oral or written, respecting such matters, which are not specifically

incorporated herein shall be deemed to in any way exist or bind any of the parties hereto.

10. Plaintiff agrees that he will not assist or advise anyone, including individuals, partnerships, associations, corporations, or governmental agencies contemplating any claim or engaged in litigation or involved in or contemplating any activity adverse to the interests of any entity or class of persons listed above in Paragraph 1 of this Agreement.

11. The parties to this Agreement acknowledge the following:

A. That all parties enter into this Agreement freely, voluntarily, knowingly and willingly, without any threats, intimidation or pressure of any kind whatsoever and voluntarily execute this Agreement of their own free will;

B. That all parties have conducted sufficient deliberation and investigation, either personally or through other sources of their own choosing, and have obtained advice of counsel regarding the terms and conditions set forth herein, so that they may intelligently exercise their own judgment in deciding whether or not to execute this Agreement; and

C. That all parties have carefully read this Agreement and understand the contents thereof and that each reference in this Agreement to any party includes successors, assigns, principals, agents and employees thereof.

12. Each party shall bear its respective costs with respect to the negotiation and drafting of this Agreement and

all acts required by the terms hereof to be undertaken and performed by that party.

13. To the extent that this Agreement inures to the benefit of persons or entities not signatories hereto, this Agreement is hereby declared to be made for their respective benefits and uses.

14. The parties shall execute and deliver all documents and perform all further acts that may be reasonably necessary to effectuate the provisions of this Agreement.

15. This Agreement shall not be construed against the party preparing it, but shall be construed as if both parties prepared this Agreement. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

16. In the event any provision hereof be unenforceable, such provision shall not affect the enforceability of any other provision hereof.

17. All references to the plural shall include the singular and all references to the singular shall include the plural. All references to gender shall include both the masculine and feminine.

18.(A) Each party warrants that they have received independent legal advice from their attorneys with respect to the advisability of making the settlement provided for herein and in executing this Agreement.

(B) The parties hereto (including any officer, agent, employee, representative or attorney of or for any party) acknowledge that they have not made any statement,

representation or promise to the other party regarding any fact material to this Agreement except as expressly set forth herein. Furthermore, except as expressly stated in this Agreement, the parties in executing this Agreement do not rely upon any statement, representation or promise by the other party (or of any officer, agent, employee, representative or attorney for the other party).

(C) The persons signing this Agreement have the full right and authority to enter into this Agreement on behalf of the parties for whom they are signing.

(D) The parties hereto and their respective attorneys each agree not to disclose the contents of this executed Agreement. Nothing herein shall be construed to prevent any party hereto or his respective attorney from stating that this civil action has been settled in its entirety.

(E) The parties further agree to forbear and refrain from doing any act or exercising any right, whether existing now or in the future, which act or exercise is inconsistent with this Agreement.

19. Plaintiff has been fully advised by his counsel as to the contents of this document and each provision hereof. Plaintiff hereby authorizes and directs his counsel to dismiss with prejudice his claims now pending in the action entitled Gerald Armstrong v. Church of Scientology of California, Los Angeles Superior Court, Case No. 420 153.

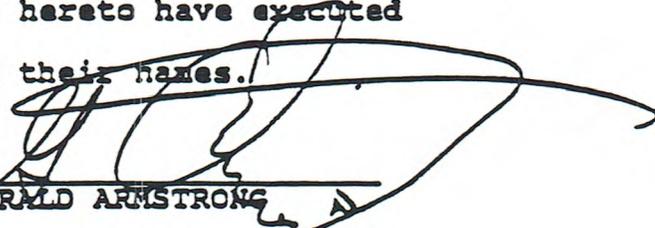
20. Notwithstanding the dismissal of the lawsuit pursuant to Paragraph 4 of this Agreement, the parties hereto agree that the Los Angeles Superior Court shall retain

jurisdiction to enforce the terms of this Agreement. This Agreement may be enforced by any legal or equitable remedy, including but not limited to injunctive relief or declaratory judgment where appropriate. In the event any party to this Agreement institutes any action to preserve, to protect or to enforce any right or benefit created hereunder, the prevailing party in any such action shall be entitled to the costs of suit and reasonable attorney's fees.

21. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be a duplicate original, but all of which, together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, on the date opposite their names.

Dated: December 6, 1985


GERALD ARMSTRONG

Ann A. Richardson
Witness

Michael Flynn
Witness

Dated: 12/6/86

APPROVED AS TO FORM AND CONTENT:

M. J. Flynn
MICHAEL J. FLYNN
Attorney for
GERALD ARMSTRONG

Dated: December 11, 1986

Heidi C. [Signature]
for
CHURCH OF SCIENTOLOGY
INTERNATIONAL

APPENDIX A

1. As used herein, the term "document" or "documents" include but are not limited to all originals, file copies and copies not identical to the original, no matter how prepared, or all writings, papers, notes, records, books and other tangible things including, by way of example and not of limitation, the following:

a. Memoranda, notes, calendars, appointment books, shorthand or stenographer's notebooks, correspondence, letters and telegrams, whether received, sent, filed or maintained internally;

b. Drafts and notes, whether typed, penciled or otherwise; whether or not used;

c. Minutes, reports and summaries of meetings;

d. Contracts, agreements, understandings, commitments, proposals and other business dealings;

e. Recordings, transcriptions and memoranda or notes made of any telephone or face-to-face oral conversations between or among persons;

f. Dictated tapes or other sound recordings;

g. Computer printouts or reports and the applicable program or programs therefor;

h. Tapes, cards or any other means by which data are stored or preserved electrically, electronically, magnetically or mechanically, and the applicable program or program therefor (from which plaintiff may reproduce or cause to be reproduced such data in written form);

i. Pictures, drawings, photographs, charts or other graphic representations;

j. Checks, bills, notes, receipts, or other evidence of payment;

k. Ledgers, journals, financial statements, accounting records, operating statements, balance sheets and statements of account.

WHERE: Marin Superior Court, San Rafael Civic Center -
Scientology vs. Armstrong No. 152229

March 20, 1992 at 9:00 a.m., Department 4.

* * * * *

Can the Scientology Organization purchase the free speech rights of Gerald Armstrong - the former in-house biography researcher/archivist of cult leader L. Ron Hubbard - so that it can keep the facts that he knows out of public view in the marketplace of ideas?

A former high-ranking Scientologist for 12 years, Armstrong split with the group when it insisted he continue lying about the accomplishments Hubbard claimed to the public at large. In 1982, the organization sued Armstrong for sending Hubbard documents to his lawyers. In 1984 at Armstrong's trial, Los Angeles Superior Court judge Paul G. Breckenridge, Jr., who ruled that Armstrong's actions had been manifestly justified, also found:

"In addition to violating and abusing its own members civil rights, the organization over the years with its "Fair Game" doctrine has harassed and abused these persons not in the Church whom it perceives as enemies. The organization is clearly schizophrenic and paranoid, and this bizarre combination seems to be a reflection of its founder LRH [L. Ron Hubbard]. The evidence portrays a man who has been virtually a pathological liar when it comes to his history, background, and achievements. The writings and documents in evidence additionally reflect his egoism, greed, avarice, lust for power, and vindictiveness and aggressiveness against persons perceived by him to be disloyal or hostile."

For years, Scientology has treated Armstrong as a "suppressive person" who was "Fair Game." This policy says as Fair Game one

"may be deprived of property or injured by any means by any Scientologist without any discipline of the Scientologist. May be tricked, sued or lied to or destroyed."

Defended by Ford Greene - the lawyer who persuaded the California Supreme Court that the Unification Church (Moonies) should be liable for brainwashing and who won an acquittal for a felonious-charged deprogrammer on the ground that the kidnapping was necessary to avoid cult-danger - Armstrong is resisting Scientology's high-powered attack in an effort to affirm his right to free speech to maintain vigilance for the truth.

After Armstrong beat Scientology's lawsuit against him in 1984, he was poised to prosecute his own claims. For millions of dollars, however, in 1986 Scientology settled with him and over 17 other Scientology-knowledgeable individuals on the condition that those persons would forever keep silent, avoid giving sworn testimony by evading subpoenas, and never aid or assist any one adverse to Scientology.

Between its full-page daily ads in U.S.A. Today and purchasing the silence of judicially-credible adversaries, Scientology's strategy is to eliminate the competition in the marketplace of ideas for those who would swallow the claims of its widespread advertisements for the benefits of Dialectical The Science of Mental Health.

Scientology has demanded that newly-elevated Marin County Superior Court judge Michael Dufficy give them a preliminary injunction which would prevent Armstrong from speaking out and assisting other individuals locked in litigation with Scientology - while at the same time fabricating false scenarios in other court proceedings that Armstrong was an agent of the IRS out to destroy it. If Scientology has its way, Armstrong would either roll over, or if he exposed its lies about him, Scientology would demand he be jailed for contempt of court.

When Scientology first came to Marin County to go after Armstrong, it asked the Court to conduct all proceedings in secret in closed proceedings. The Court refused. Then Scientology asked the Court to seal the settlement agreement that Scientology wants the Court to enforce. The Court refused. Now, Scientology has obtained a temporary restraining order compelling Armstrong not to speak out on the subject of Scientology. Scientology would like to make it permanent and will attempt to do just that at the March 20th Marin Superior Court hearing.

FOR FURTHER INFORMATION CALL:

KIRK SEIDEL, Press Liaison
(415) 457-5711

FORD GREENE (415) 258-0360

HEADLINE NEWS

[SHOT: studio setting]

NARRATOR: A former member of the Church of Scientology claims he has damaging information about the organization, but he's being silenced by a Court Order. Don Nab explains.

[CNN CAPTION: SCIENTOLOGY.]

[SHOT: Close up of Armstrong with Ford Greene behind him. Then a pan of the courtroom, with attorney Andy Wilson arguing and a shot of the Judge.]

Don Nab: Gerald Armstrong says he knows a lot about the Church of Scientology and he's fighting in court for the chance to tell it. A former archivist of the organization he had first hand access to records of Scientology's controversial founder, L. Ron Hubbard.

[SHOT: Close up of Armstrong in an office. Don Nab narrating]

Gerald Armstrong: I'm an expert in the misrepresentations Hubbard has made about himself from the beginning of Dianetics until the day he died.

Don Nab: But that's about all that he can say, legally. The Church of Scientology slapped Armstrong with a Court Order to prevent him from talking about what he may know.

[SHOT: Excerpt of Video tape of 1986 settlement signing.]

Heller: You are going to sign this of your own free will.

Armstrong: Yes.

[CNN caption: December 1986.]

Heller: OK. You're not suffering from any duress or coercion which is compelling you to sign this document.

[CNN CAPTION: Video provided by Anti-Scientology Attorney.]

Armstrong: No.

Heller: Alright, ...

Don Nab: As part of the lawsuit settlement documented by Scientology on this video tape, the Church paid Armstrong \$800,000. In that settlement Armstrong agreed not talk about the Church, it's documents, or its founder.

[1ST SHOT: Wilson and Hertzberg sitting at counsel table.]

[2ND SHOT: Greene arguing at counsel table.]

Don Nab: Now, the Church of Scientology wants to block Armstrong from working with anti-Scientology attorney, Ford Greene.

Ford Greene: Gerald Armstrong possesses information about the Church of Scientology on first-hand basis that undercuts a lot of the claims that they make to the public on a daily basis in advertisements on TV and advertisements in newspapers.

[CNN CAPTION: Ford Greene, Anti-Scientology Attorney.]

[SHOT: Bartilson at counsel table with a stack of papers.]

Don Nab: Greene hired Armstrong as a paralegal, to help him with a lawsuit against Scientology in Los Angeles.

[SHOT: Wilson arguing at counsel table.]

Don Nab: Attorneys for the Church of Scientology claimed that Armstrong was breaking his settlement contract.

Andy Wilson: \$800,000. \$800,000 was paid to that man. And now that he's spent the money, he comes into this court and he says, "I don't have to keep my part of the bargain."

[CNN CAPTION: Andrew Wilson, Scientology Attorney.]

[SHOT: Judge Dufficy at Bench.]

Don Nab: Scientology won this round. The gag on Armstrong remains, for now.

[SHOT: Close up of Armstrong at counsel table.]

Don Nab: Armstrong is not alone. 12 former Scientology members have accepted money to settle lawsuits with the Church.

[SHOT: Pleading packs on counsel table.]

Don Nab: The settlements included, promises to remain quiet and take no part in further litigation against the Church.

[SHOT: Greene in law office.]

Ford Greene: It'll be extremely damaging because Scientology has spent a whole ton of dough, on keeping not only Gerry silent but a lot of other people silent. And if Gerry's case unravels, it's the first domino, and all the rest of them are going to unravel ...

[SHOT: Green in law office with interviewer.]

Don Nab: Attorney Greene says, Armstrong's knowledge of Scientology can prove the Church is not what it says it is.

[SHOT: Outside of the Courtroom. Armstrong and Phippeny prominent.]

Don Nab: Scientology says, Armstrong accepted a lot of money not to discuss the Church and should keep his word. Don Nab, CNN, San Raphael, California.

GERRY ARMSTRONG VIDEO INTERVIEW 6 NOVEMBER 1992

S = Spanky Taylor
G = Gerry Armstrong
J = Jerry Whitfield

S: We're here with Gerry Armstrong on the 6th of November 1992. Hi, Gerry.

G: Hi, Spanky.

S: Basically, what we're doing here is I want to find out a little bit about your Scientology experience, or, more than a little bit -- as much as we can, starting from when you got involved.

G: Ok.

S: So, tell me about that first.

G: I got involved in 1969 in Vancouver, British Columbia, Canada. And ... I spent a year and a half...

S: How old were you then?

G: Twenty-two. Spent about a year and a half in Vancouver. Worked in the local franchise, Scientology Little Mountain. And then in the beginning of '71 went off to save the world. Joined the Sea Org. Flew to LA. And was ... Signed my Sea Org contract at what was USLO. Then was on board the Bolivar, stationship down -- not exactly sure where it was...

S: San Pedro?

G: San Pedro, right. Then...

S: I loved the Bolivar.

G: And then by mid-February '71 was flown to New York, Madrid. Madrid took a train down to Algeciras. Algeciras across by ferry to Tangiers. There sitting in the Tangier harbor was the Apollo. I stayed on board except for brief missions off the ship or sometimes I'd go ashore for brief periods. But was on board 'til the fall of 1975. And we were, in those years, in Portugal, Morocco, Spain, and the little Atlantic islands -- Madeira, the Canaries, and then we made a circuit to the Caribbean islands -- Bermuda, Bahamas, Jamaica, Trinidad, Barbados, Netherlands Antilles.

S: Sounds like a Beach Boys saga. (Laughter) And you knew LRH?

G: Uh huh.

S: You married, your first marriage was... you married on Flag.

G: Yeah. I married his head messenger. Terry Gillham. Young Terry. She was a pretty good catch.

S: She was. She was.

G: I was organizationally a social climber. I really was. It just worked out that way, you know, I was in the right place at the right time I guess.

S: You had quite the wedding. I remember the photos very well.

G: Yeah? Yeah, I had a big double wedding along with Pat and Trudy Broeker.

S: That's right.

G: And through most of my time on board the ship I was the Legal Officer. We called it the Ship's Representative. I dealt with Immigration, Customs, and the Police and Harbor Master and handled all the needs of the ship while in port. And then I was the Public Relation's Officer Port Captain for a period of time. And then I was the Intelligence Officer through our time in the Caribbean. And when we went ashore, landed in Daytona, I was the Intelligence Officer again at the staging area for the Clearwater base which we had in Daytona at that time.

J: What's an Intelligence Officer?

G: Well...

S: It's a

G: ...they were talking about...

S: ... jumbo shrimp, what are those things called oxymorons?

G: Espionage. It's a Hubbard patterned -- his intelligence system, after Nazi system. Perfected, created, developed by Reinhardt Gehlen. And I was one person within a giant network of intelligence personnel operated by the Guardian's Office who were in turn operated by the Guardian, Mary Sue Hubbard, and L. Ron Hubbard. He merely directed on his long distance communication lines all the intelligence operations internationally.

J: What kind of intelligence operations -- we're talking

about a church who has intelligence operations, a church with intelligence operations? Is that what you're saying? And you were there, you were involved in that? Is that what I'm hearing?

G: Right. Now I have a different perspective of course and I don't consider Scientology by any definition a "church" other than the fact that they have edifices -- buildings -- which could, if the activities therein were to change, could be churches. But the organization itself is not a church. But it's undeniable that it had intelligence organization and has been described as outside of the FBI and the CIA, the most formidable intelligence organization operating on the North American continent.

S: At this time, in the early times when you on the ship, you knew the offspring of L. Ron Hubbard. You knew his kids, as well?

G: Right.

S: Quentin and Diana, Arch and Suzette.

G: Right.

S: Tell me a little about them. I mean, you know, were they happy, were they well educated, were they ... because, of course, they were the offspring of this man with this tremendous wealth, did they receive the best of possible educations, did they lead a privileged life in terms of the...what was accessible to them in terms of in a society type of sense in terms of their education and their upbringing. Did they attend the finest finishing schools? Were they ... was Diana Hubbard a debutante. Do you know what I mean? Tell us about that.

G: I think she could have been a debutante but I don't think she was. I think that all the kids were pretty real in their own way, given the environment in which they found themselves and given the very odd circumstances of growing up in the Sea Organization. I suppose that the one I got closest to was Arthur. Arthur and I sort of ran tandem Sea Watch, or rather, gangway Quarter Master Watch for quite a period of time so I had the task of waking him up. He was pretty young at the time, maybe 13 or 14, I don't quite remember. It was always difficult waking him up and he would pull rank a little bit in that I didn't want to make too much noise waking him up in his cabin and there was always the threat that if you did anything out of line at all, Ron...

S: Son of Ron.

G: Son of Source.

S: Right, son of Source. Aaugh. That word.

G: But all of them, I was on Diana's Sea Watch and she was a good Conning Officer. I think that all of the kids were intelligent and I think that they were all decent, good people.

S: Happy? Unhappy?

G: I think both. You know, happy at times, unhappy at times.

S: Sort of normal then.

G: Pretty normal.

S: And Quentin?

G: Quentin, I think much the same thing. He probably was the oddest of the lot, relative to the Sea Org experience. But we got along fine. I always found him to be perhaps the most understanding, in a way, in almost as if he had ...

S: Sensitive?

G: Yeah, sensitive. compassionate. Didn't pull rank and wasn't threatening in any way.

S: So then you were at Daytona when the base was originally moved there.

G: Uh huh.

S: And from that point.

G: Then we moved to Dunedin. At that point I was busted from the Guardian's Office. I was in the Guardian's Office Intelligence Bureau. And Mary Sue or Nikki who was her communicator deemed me a security risk of some kind and so I was removed from the Guardian's Office and I was assigned to Hubbard's Communication Bureau. So I became what was called the Deputy LRH External Communications Aide when we moved to Dunedin which was in December of 1975 and we had a secret base for Hubbard and his personal staff and Mary Sue and her personal staff at Dunedin in an apartment complex I guess about maybe eight miles from Clearwater. And I stayed there until June of '76 at which time I was sent to Culver City here in Los Angeles to set up a staging area for what became the base that was built in La Quinta.

And I was only there for a brief amount of time. I was there to set up this unit along with three other messengers. And Hubbard arrived, Mary Sue Hubbard arrived, and then I had

a fight with Nikki, and Hubbard then assigned me -- first I was taken out of that unit and I was kept locked up at the Intelligence Bureau in the Fifield Manor in Los Angeles.

J: You were locked up?

G: Right. I was kept under guard for a couple of weeks.

S: Which is where that Guardian's Office had moved to.

G: Right. The Intelligence Bureau of the G.O. was there. I was picked up by the D/Guardian for Intelligence Dick Weigand.

J: Isn't that falsely (sic) imprisonment. Isn't that illegal?

G: Yeah. It was clearly false imprisonment.

S: At this point do you feel much of what you had done had been illegal? On some level or another?

J: For Scientology.

G: Personally?

S: That you had done personally.

G: I clearly had been involved in some illegalities while... especially while I was on the ship. Smuggling things on and off and...

J: What kind of things? Money, drugs? Weapons?

G: We did move a lot of money around. Briefcases...

J: Go on.

G: Briefcases of money that were brought to the ship. Booze, cigarettes, that sort of stuff taken off the ship and run through Customs. And other things that were just done sort of borderline activities. But I was willing to do those sorts of things at that time and I considered that I was doing ...it was the greatest good for the greatest number.

S: When you were working in Intelligence did you ... were you involved with any "dirty tricks" against other Scientologists or other staff members?

G: I was aware of dirty tricks against staff members and I was aware of the way the Guardian's Office Intelligence Bureau worked to some degree because I had a lot of the policies. I had the Guardian's Office Intelligence hat, the Intelligence

Manual which trained people to lie and steal and create false identities and harrass the enemy.

J: Why would a church need to do that?

G: Well, a church doesn't need to do that, but Scientology's not a church.

J: Why would Scientology feel the need to be involved in that kind of activity?

G: Because Hubbard was afraid and his idea on dealing with enemies was to attack them. One of the ways that he attacked them was through covert means.

J: Why would a man as great as Hubbard who had THE technology to save the world, have to fear anyone?

G: Well, he didn't have the technology to save the world and he simply had fear because he had fear and he was never able to triumph over his fear, so he put his trust in attacking people as opposed to doing the rational things in life and he also had reason to fear because he had falsified his credentials, he had lied about his life and he was afraid of being exposed and he had also lied and cheated for many years. He knew that there were people around who knew what he really was.

S: Now how did you come to find this out?

J: Can I ask one question? Answer that but answer this one first because you've got me really interested. If Scientology could do what it says it could do, would you still be in it? If it had the technology to do what it says, would you still be in anything?

G: In answering that question you'd have to...if you assumed that if it could do what it says it could do it would have a different form from what it is, then the answer might be yes. But both things would have to be true. It would have to deliver and it would have to be different from its present form opposed from the form which I came to know and understand.

J: Thanks. That's what I wanted to know. Go ahead with Spanky. How did you find out this?

S: How did you come to know that in fact Hubbard had fabricated his credentials, had in fact developed this tremendous fear that he had of being found out, had this paranoia?

J: What credentials? What would he do when found out?

G: I guess the process of that discovery began when I first got involved with the Sea Organization. Of course I worked with the man for quite a period of time. I shot gnus with him in the desert after we left the ship. He twice assigned me to the RPF. I talked to many people about him. I read hundreds of thousands of his words. I listened to him and listened to his tapes so I had a great understanding before I ever came to the realization that what I'd been led to understand was false, but I needed that great understanding I think in order to know what the falsities were. But I was, I considered, quite fortunate in that in the beginning of 1980 and we then were in Gilman Hot Springs and there was a threat of a raid and we were required to go through...each person had to go through his...all papers in his area, whatever post he was on, and all personal papers, and destroy anything which showed Hubbard's control of the organization, anything which showed his intent to live at the Gilman Hot Springs' property, anything which showed his control of organization finances.

S: So now in January of '80 isn't that when, as far as the rest of the staff at the other organizations knew, L. Ron Hubbard went off the lines, so to speak, January '80 he was like... Did he in fact go off the line or was it just made to look like he went off the line at that point? Cause if what you're saying, if I'm following you correctly, do you know, there was this perception that he was now gone and had cut ties to the actual on-hands running of the organization.

G: Well, it's...part of that is true. There had been a gradual decrease, I would say, of his hands-on involvement, but even though he left from the location that he was at the beginning of 1980, he continued to run the organization. He just continued to run through a different conduit.

S: Now, so you went through the papers within your own specific area. Was this prior to your being assigned to the biography project?

G: No, this is what the biography project came out of. Because in the process of going through my things I was at that time responsible for the Household Unit at the Gilman Hot Springs property. One of my juniors was responsible for all of L. Ron Hubbard's stuff -- his personal effects which were stored at the Gilman property. She came to me with a box of very old materials, very old papers, and asked if they should be shredded. I looked through this stuff and saw that it all predated Dianetics so thought, it should be no risk whatsoever. It has nothing to do with his running the organization. So, I also saw that it had great historical value. And when we then began to look over inventories, began to go through his stuff we uncovered some 20 boxes of similar

material. And I knew that this stuff, could form the basis for a library and was incredibly valuable for its history and just as original documents, and that it would form the basis for a biography. So, it was at that time that I petitioned Hubbard to be able to collect this stuff up to preserve it and to contract with an outside writer to do the biography.

He approved the petition in January '80. And then we communicated another couple of times before I then did not have what was that direct comm line to him, communication line. We could then no longer admit to a communication line to him. It still was there but we could not use it for fear of civil litigants or the government then being able to subpoena him.

S: As he was under a lot of legal threat.

G: Right.

S: Domestically, at that time, right?

G: Right.

J: Why would L. Ron Hubbard be under legal threat?

G: Because he controlled the organization.

J: What's wrong with that?

G: And because the organization was involved in criminal and tortious activities.

S: I think additionally the church had, was also under tremendous legal stress in terms of people who were filing suit against the church now for fraud. There were attempts made to name L. Ron Hubbard in a suit, to actually serve him or subpoena him which is when he sort of "poof."

G: Right.

S: Disappeared.

J: So he disappeared, he ran and hid.

G: Right.

J: So, hiding is pretty down on the tone scale.

S: So I hear, honey.

J: But that's what the great L. Ron Hubbard was doing. You were there and that's what you saw.

G: Yeah. I mean he did hide.

J: I'm not trying -- it's just very difficult, the reason I'm saying this, it's very difficult for somebody who's in Scientology to conceive that the great L. Ron Hubbard whom they've never met, but have only heard these wonderful things about, to even perceive or comprehend that this might have been ... might have occurred with this man. How can this man be human? He's not human. He was L. Ron Hubbard. The reason that we're doing this interview is so that other people can know. It's very easy for a non-Scientologist to understand those things. It's very difficult for a Scientologist because Scientologists don't get the type of information that non-Scientologists get. And yet you were there. You knew him. You worked with him for probably 15 years or so.

G: I was in the Sea Org for 11 years.

S: And Gerry, backing up a bit, you saw him as a fallible human being, am I correct?

G: Yeah.

S: I mean he had had illnesses.

G: Right.

S: A great many illnesses, a few illnesses?

G: Quite a few.

S: I know that he had these horrendous allergies which when we refer to them we would be heavily reprimanded and corrected and told they were not allergies they were sensitivities. (laughs) You know there was a brilliant way of sort of smoothing over things.

G: Right. Right. He continued to wear clothes when he was stark naked. Right.

S: Oh, yes. Yes, of course.

G: And we all did that in our own mind, and we all stopped ourselves from thinking critical thoughts of L. Ron Hubbard. We really didn't do him much of a favor because he really was human in every way.

S: Yes. Do you feel that the mindset of the group of -- all of the adoration that L. Ron Hubbard received, contributed to his delusion? Or do you feel that he imposed the delusion upon the group? Or do you think it's kind of 50/50?

G: There's no doubt that he was in control. And there's ... we did not control L. Ron Hubbard. And although he could have become the effect of his own lust for control, and his own greed and his own avarice, so he created his sycophants. And the effect of... often of what you create may not be that pleasant so he did create his own prison.

S: Ok. So now you contracted with Omar Garrison, am I correct, to do the writing of this book which you were researching?

G: Yeah, beginning in January, I collected up the materials from the Gilman Hot Springs property.

S: Several boxes of materials.

G: Right.

J: This was in '80 or '81?

G: '80, beginning of '80. And then shortly after that I moved them to Los Angeles and I began to add to them. I travelled around, travelled up and down the west coast and I bought collections, other people's collections of Hubbard materials. I interviewed a number of people, his other living relatives.

J: L. Ron Hubbard, Jr.?

G: Yeah.

J: His ex-wife?

S: Sarah Nordstrom. (sic)

G: No. No, I didn't talk to Sara. I talked to Sara after that project was over.

J: His daughter Alexis?

G: I spoke to her as well some time later. I spoke to his living aunt, living uncle.

J: That was his...

G: Yeah. It was good. Good. And they really saw him for what he was, as well. They knew him in a real manner. They knew that he was a big storyteller.

S: Now, at this time you're going around talking to these people and I presume verifying his various degrees and his education credentials, etc. And you're starting to see holes in these stories, right? At this point, it's still 1980, are you going, whoa. This guy's full of shit. Or are you going,

oh, something's wrong here? Or -- I mean I know so many people within the church, despite the fact that these claims and the intros to these books and L. Ron Hubbard's past, you know, and he's been killed three times and come back to life and born of a Virgin Mother or whatever the hell it is, they consider that these things are factual. He was a war hero. He did have these degrees. And that the government with a conspiracy against Scientology has gone in and altered all this information. Do you know what I mean? It's like, to continue their own delusion of what was what.

Now, at this point in 1980 were you still buying the story or would you be concerned, you know, in terms of the validity of any of that?

G: There were a couple of steps in the process. Initially, I just collected the documents. Then I began to see discrepancies. And although I saw discrepancies I continued to believe that what he was writing about himself and what he had been saying was the truth. And that the discrepancies could be explained in some manner. Additionally, if there are only a couple of discrepancies and they're minor discrepancies, who cares. But, through the process of the accumulation of the biographic archive, in my study of them, I began to see that it wasn't just a few isolated instances but, rather, that he had -- that lying had been his pattern and that that's what was true about him. What was true about him was that he was a liar and that he appeared to think that he could lie with impunity.

J: What lies did you see specifically that you could enumerate a few.

G: The ones which were significant to me were the ones I think which had been used to draw me into the organization and which had kept me in the organization for all that time, and they were not just used for that but used to create a mystic about him which you could not penetrate, could not question. It was significant ones. If he had been crippled and blinded during the 2nd World War. That he had cured himself with Dianetics. That it was a matter of medical record that he'd twice been pronounced dead. That he was a nuclear physicist. Those, to me, significant representations, I was able to show in his own documents, not the government's documents, but documents which he maintained in his own archive, that they were false.

J: Gerry, how did you feel when this came to light? I mean, you're a loyal Sea Org member. You have worked for the last ten years as a Sea Org member working night and day very hard, giving your all, complete dedication, sometimes 16, 18, 20 hours a day. How did you feel when you began to find these things out and they began to dawn on you that this man

was a bigger liar than he was a purveyor a truth? This must have been the devastating thing to go through. You were loyal. There was probably no person any more loyal than you. You were one of the loyal Sea Org members.

G: Well, it was initially like I say, I just noted the discrepancies and carried on with my work. There came a time when my mind began to open. I began to see, and I began to question. That period of time was also a period of great confusion. There was also a period of time of some loneliness because there really was no one to talk to because I couldn't go to someone with a critical thought. I could not -- you could not talk and say the things that I had to say inside the organization.

Then there came a period of time in the fall of 1980. I actually had tried a couple of times. I'd gone to Laurel with some discrepancies, cause Laurel had been his public relations officer for many years. She knew the story. And I was saying, "Laurel, this isn't true. We can't say that." Well she got really angry at me and silenced me. So I learned to not say anything.

But there were a couple of points. One of them was contracting with Omar Garrison. And Garrison had a couple of very pro-Scientology books prior to my coming on the scene although he was not a Scientologist..

S: He was a huge ally of the church, in fact ...

G: He was a huge ally so again even with Garrison I couldn't just say, "Hey, Omar, you know, check this out. It's bullshit!"

S: I've connected the dots and it's scary.

G: Right. Now, it was a gradual thing with him, too. I would give him material and then we'd talk about it. Gradually I began to see that Omar understood, and Omar was an ally of mine, so we began to be able to talk freely. And that was another key to my getting out of the organization was... spending a lot of time with him, with his wife, travelling around the country in different situations outside the organization. And then going back into the organization and having that comparison all the time where you do, having the knowledge that I had, going into the organization and seeing the craziness inside and then going out of the organization and seeing that the representations the organization was making about the outside was another aspect of the big lie which was being run on us.

But, toward the end of my existence inside the organization, and also as I learned more I became, I guess, braver and

braver and braver. You know, willing to stand up -- it didn't matter any more. You know, you want to kick me out of this organization? See you later.

But I was still there, still dedicated, so I developed something of a cause during my last few months inside the organization of attempting to get the organization -- and, of course, I knew it would get to Hubbard and it was sort of a challenge to him, but initially to get the organization to change what it was saying.

S: I remember that part very well.

G: And I critiqued a number of the dust jacket material and the "About the Author" sections of the various books, and we'd go through them and line by line say, "This isn't true, this isn't true." Here are the facts." This we don't know. We can't document that. It sounds like bullshit to me. And so, I did that with a number of pieces. And I think it actually had a good effect up to a certain point, because they did actually change them and tone down some of the hyperbole.

S: Now, didn't at that point you also feel -- this is per my recollection cause I was a PR at that time and worked pretty close with Laurel and -- didn't you feel that despite the fabrications and despite the inconsistencies that there was still value to Hubbard? I think I recalled something about, "Gerry said that we could still do a biography and just make it truthful and still..." -- because LRH had contributed so much, just do a truthful thing, and his contributions would stand on their own. You didn't need all this fabrication. And you sort of had platformed this campaign, right, where you went over like a pregnant polevaulter...

G: Right.

S: ...as I recall.

G: It really, I think, ran his accomplishments and the technology will have to stand on its own. If it's going to stand, it has to stand on its own. We can't hold it up with lies. That's the way I still feel about it and I think it has fallen on its own. I don't think that it's workable and I think that it's an enforced technology. But that's sometime later in my development.

S: Now, by this time, you and Terry were no longer married and you had remarried to Joyce Brown.

G: Right.

S: Was your relationship with your wife at this time, where you were very vulnerable and feeling alone, was that any

solace to you?

G: Yeah. See, she came along in...

S: Another catch, dude. I mean she was such a doll-baby. She is such a doll-baby.

G: Yeah, she's a sweetheart. Initially, I'm working away on the biography project and she's up there in SMI, Scientology Missions International. And we connect. And you know what a Sea Org romance is like, you know. "Hey, gotta a weekend free, let's drive down to Tijuana and get married." You know it's that kind of a thing. I think I drove her down one week and got her a divorce and the next week got her -- married her, sort of.

But she was in much the same situation as I was, in, that, if you're free to talk to anyone inside the organization then, for one thing, the organization wouldn't be Scientology -- if people were free to talk it wouldn't be Scientology because that's the essence of Scientology is its lack of freedom. We at one point came to this realization that we could talk. So, just toward the end of our being inside the organization we formed something of a conspiracy of two. And so, knowing what we knew, and once I knew that I could talk to her and what she knew is she could talk to me, and we formed this little conspiracy...

J: It really wasn't a conspiracy though. It was open, honest communication.

S: Between a husband and wife.

G: Right, open and honest between us, but

S: But within the organization it would have been a conspiracy.

G: ...but conspiring to not let the organization know because they say you must talk open and freely to this sec checker but you can't talk open and freely to your spouse.

S: What?

G: That's the organizational paradonn. So we violated that because when it came to sec checking it was -- I mean she had to go through a sec check toward the end of our Sea Org experience and by that time, I mean, once you know that the whole thing is a scam, anybody can con a sec checker, because you have a certain altitude. Go ahead and ask a question. I don't care.

S: That's right.

G: You know, it doesn't read. There's no more belief in that meter. It's just a pack of garbage.

J: Are you saying that the E-Meter is not 100% effective?

G: The E-meter is at best a worthless, anti-religious artifact.

J: Thank you.

S: Don't sugarcoat it honey, give it to us straight, ok? I mean, you know, enough of this pussyfooting around stuff.

J: You feel pretty strongly about that, don't you Jerry?

S: Yeah.

G: No, it's ... irrelevant. It has no meaning. It has no value whatsoever.

J: I think the value that it has is the value that the person holding the cans has...

S: Infuses into it ...

J: Yeah, places upon it because of what he's been told or shown.

G: That's not the value. There may be some value in answering questions. There may be some value of looking into one's mind. And --

J: I agree with what you're saying. I don't disag.. I'm saying the value that it has to the organization, not to the person.

G: Oh, yes. It has the same kind of value that thumbscrews had in another era.

J: Yeah.

S: Now, Gerry, when you had all those documents and you had these boxes, did you not come across a lot of evidence in terms of not only inconsistencies in the fabrications that L. Ron Hubbard had presented to Scientology as a whole, but also things that made his past actually questionable in terms of maybe alcoholism or drug use or things that you came across that not only show him as someone who's made up these things, but showed a quite -- A man who was the antithesis of what had been presented.

G: Yeah. Yeah.

S: Tell us about that.

G: I began to see that his drug of choice in his later years were steroids. And he dosed himself with massive doses of testosterone and I remain convinced that that is what he used to keep an edge on his belligerence.

S: Interesting.

J: How did you come to find that out?

G: From his own writings.

J: Is there any way that we could look at those writings?

G: I don't know of any way of getting to them at this time.

J: Why? I know it's a simple question, but why?

G: Because the organization will not disgorge the true information which it has on Hubbard.

S: Do you think they've kept that information or do you think they've destroyed the information?

G: Both. So that there is certain aspects of what they've done and the criminal activity that they're involved in which they maintain and there're certain aspects of it which they destroy.

J: When you say the criminal activity they're involved in, do you think that the majority of Scientologists have any idea that that's going on?

S: The current Scientologists?

J: Yeah.

G: No.

S: Of course not.

J: Then?

G: When you talk about the majority -- the people at the top know.

J: Like David Miscavige and Norman Starkey and...

G: Yeah, and Gene Ingram? Sure. The people who control Scientology. And the lawyers. Oh, yeah, the Earle Cooleys of the world? Sure. They absolutely know that they're

involved in criminal activity designed to destroy civil rights of the members of the organization and the lives of anyone they perceive as enemies.

J: Can you give me two examples of civil rights that Scientology has violated?

G: Freedom of association, freedom of speech, freedom of religion.

S: Just to name a few, honey.

J: Ok. Yeah. I mean, thanks because...

S: Garry, keep going.

J: That sort of thing I think is important. Most people don't realize that that's what's going on. Most people have no idea that that's going on. Did you feel like you were manipulated while you were in there?

G: While I was in there I don't recall that the subject of manipulation crossed my mind. I don't think I could have allowed myself to think that I was being manipulated. But...

J: Did you ever feel that way?

G: I felt absolutely controlled. But my understanding of the manipulation, the coercion, comes later.

J: After one pulls back and views it from the outside.

G: Yeah, well, I mean, technically I was inside but I had really begun to deprogram myself and so...

J: Did you tie yourself up? I mean we all know about deprogrammings. You get tied up, and ...

S: ... sexually molest yourself.

J: Did you tie yourself up and sexually molest yourself?

G: Oh, I mean, deprogramming has to do with that subject of manipulation. While you're programmed you don't know that you are being manipulated. When you're deprogrammed you realize that you have been manipulated.

J: So in order to be deprogrammed, one has to be programmed.

G: Yeah.

J: Deprogramming doesn't work on somebody who hasn't been programmed.

G: I would think that's true.

J: Yeah. I would think so too. I would think so too.

G: Accepting the word and the definition.

J: When did you leave?

G: December '81.

J: Why?

G: It was time to go. (laughter)

J: Would you tell me a little bit more about that. I mean, I believe what you're saying but not everybody knows the Gerry Armstrong story. And I think a lot of people might be most interested.

G: Ok. Well, I came to the point I guess a couple of weeks prior to that and I had been very vocal on the subject of the lies, Hubbard's lies, the organization's lies and the organization's activities. And my vocalness had come to the attention of Norman Starkey. Norman Starkey at that time was on a mission operated by David Miscavige, the purpose of which was to take care of Hubbard's legal problems so that he could come out of hiding. And Starkey one day came into my area, Hubbard archives area, and we had a conversation. And he accused me of saying things about Hubbard which were untrue. And one of the things he said was, Hubbard -- he wanted, Starkey wanted, to charge the PRs through the ages with creating the lies which I have documented.

S: Well... now hadn't that happened to a large extent? Did Lizzie and Laurel -- for a period of time, I don't know what happened to the whole thing, but they took the fall that they had made it up and they had written these falsehoods about L. Ron Hubbard.

G: But they weren't around in 1950 and 1952 and 1965...

S: No, but they were the ones who -- they had written down the biographical information on L. Ron Hubbard, how it was dictated to them by L. Ron Hubbard, per my recollection.

G: But they were not there. If you look at -- what's the book on the atom bomb, the nuclear physicist's book -- "All About Radiation". If you look at that book and if you look at the bulletins that were written in that era it says, L. Ron Hubbard, a nuclear physicist. Lizzie wasn't there. Laurel wasn't there.

S: That's true. That's so true.

G: How can you say -- I mean, it's like one thing to make those people scape goats, but those people weren't there in '56. Laurel wasn't old enough to be there in '56. She was in our generation. I mean, you know, we're the 60's. We're the baby boomers.

S: Lizzie certainly wasn't there, either.

G: Anyway, what I did was show Starkey in Hubbard's handwriting where he had called himself a nuclear physicist and Starkey just went silent and he stormed out. And a short time later I was called down to Gilman Hot Springs.

J: Do you think he had a major ARC break?

G: No, I think that he recognized that everything that he had put his life into for so many years and had done so many rotten things and attacked so many people in defense of. That he saw that that hung in the balance and he had to go one way or another. So he chose to close his mind. And he wrote to the ... one of the executives of La Quinta ... Gilman Hot Springs and requested that I be sec checked.

J: This is the Golden Ere Studios, or Golden Era Studios.

G: Right, but at that time -- I'm not sure what it is now.

S: No, cause it's at Gilman's.

G: CMO headquarters...

S: This is at La Quinta.

G: No, this is Gilman.

S: Oh, this is Gilman, ok.

G: Yeah, this is -- CMO headquarters, in any case. And so I went -- I was called to Gilman and I spoke to Cirrus Slepp. And she asked me about -- she actually showed me Starkey's report on me. And I said that I -- you know I was quite open with her.

S: Now Starkey reported that you had fabricated this information?

G: No, Starkey reported that I was criticizing Hubbard and he wanted to find out what I had been saying and what documents I had been giving to Omar Garrison because I'm working closely with Garrison, and if I'm giving Garrison documents showing that L. Ron Hubbard claimed to be a nuclear

physicist and L. Ron Hubbard lied about being a nuclear physicist and Starkey knew about many more lies...

J: The cat would be out of the bag.

G: Right. So he wanted -- they wanted to keep a lid on it. Cause his job, of course, is to continue the myth of L. Ron Hubbard. Starkey's put a whole life into doing that. He's dedicated to that illusion.

J: Starkey got into Scientology in the 60's in South Africa. So he's been in a long time, probably 30 years.

G: Yeah

J: That's a long time to put in. It's at that point 20 years.

G: Right. And he was in a position of power. And he liked those positions of power. And this is, of course, some kind of a threat. I mean, here's just some guy down there making all kinds of noise and essentially calling L. Ron Hubbard a liar.

J: You know, one of things that always... I'd always thought about in Scientology was the is-ness, as-is-ness, alter-is-ness and not-is-ness. It says in order for something to survive or continue there has to be a lie in it. And the question that always came to my mind -- the first question that always came to my mind is, for Scientology to continue it must have a lie because it says so right here. In order for anything to continue it has to have a lie. So I always wondered what the lie in Scientology was.

G: The lie is that is Hubbard's philosophy. Hubbard's philosophy is flawed. It is a corrupt, dishonest philosophy. And he was a corrupt and dishonest man.

J: You must hate his guts. You must hate his guts for a person who's ... for a person who's been loyal...

G: That which will survive is that which can never be altered. That which is altered and that which is hence unreal, that which is a lie, will not persist. Now you can try and Hubbard can try but you will not get lies to persist.

J: That's true because there's always some truth under there and they'll pull the truth out and it's fixed full of lies.

G: The truth will be there no matter what you do with it.

J: We need to go eat lunch, or dinner?

G: Oh, ok.

J: So I think that you have an appointment.

G: Yeah.

J: Before we do that, let me ask you two quick questions.

G: Ok.

J: You left in '81.

G: Right.

J: You were sued in '84.

G: '82.

J: '82.

S: Jerry?

J: It went to trial in '84.

G: Right.

S: We should just pick this up, because...

J: We will.

S: Ok, I just wanted ...

J: We will. But, I just want to get this on here. They lost the suit against you.

G: Right.

J: In '86.

S: Big time.

J: In '86. They sued you in '82. Went to trial in '84. In '86 they settled out of court with you.

G: Right.

J: For hundreds of thousands of dollars, if my sources are correct, and you don't need to verify ... or hints at all, if you can let us -- if you want to, it's fine. But there's no reason to give anything. If my sources have been correct you got \$800,000. You -- Scientology paid you \$800,000 because you knew the truth about L. Ron Hubbard. You knew the truth. And you have been harrassed and you've followed. You've been lied about. You've had people watch you 24 hours

a day for weeks on end. You've had to go through extreme mental pressure today, yesterday, even. Gene Ingram says things to you like, "Gosh, Gerry, you look like you have AIDS," when in fact you're a very healthy person and you're a marathon runner. And it's...

G: Right.

J: Settlement aside, but, these other things are correct.

G: Right.

J: These guys are still harrassing you.

G: Right.

J: And you were a loyal, loyal, Sea Org member. Never in your wildest dreams did you think, when you got into Scientology, and you dedicated your life to this, if ever they had put you in this position.

G: Right.

J: Thanks. Can we continue this?

G: Yeah.

J: Thanks.

G: Thank you.

[RESUME TAPING]

S: Hi Gerry, you left in '81.

G: Right, December '81.

S: Can you tell me what led up to your departure from Scientology?

G: Sure. I had come to the conclusion at the end of '81 that the organization was not going to reform its ways, it was not going to correct the lies L. Ron Hubbard had told about himself. L. Ron Hubbard was not going to correct the lies he'd been telling about himself. The organization was not going to change its -- what I considered -- criminal and anti-social behavior. And I knew that my days were numbered, that I could not continue to be in the organization taking the stand that I had been taking, being vocal on the subject of Hubbard's lies. So I really was faced with only one choice to make and that was to leave. So, I carefully, cautiously, and over a period of a week or ten days removed my few belongings and my wife's few belongings out of the

building and we cleaned our living space before we left. Left the few pieces of Sea Org uniform that I had, and we drove away.

S: I see. Now didn't you at this time do something rather brazen which is like -- didn't you keep some of the documentation for some period of time and send copies to the church or vice versa kept copies and sent stuff back to the church?

G: No.

S: No?

G: No, I didn't. I worked very diligently and my wife Joyce -- and Jocyn -- worked very diligently for the last couple of weeks copying whatever we could copy of the documents which I had in archives, many of which I had already copied and already provided to Omar Garrison, but I was dedicated to Garrison. I sensed, or knew, that whoever took over the biography project after I left, and I assumed that it was going to be Vaughn Young, because he'd been working with me on the project at that time and it was my expectation that he was going to take over the project, that the organization once I left would not allow Garrison the access to the materials that I had so my dedication to him, my dedication to the biography project and my dedication to the attempt to bring to light the truth brought me to copy everything I could, and what I couldn't copy and all the copies that I had remaining, I took to Garrison at the end. So I provided them to Garrison and then Joyce and I drove up to Canada. And at that time we were completely documentless. I did not have any documents. Didn't do anything with the documents for a period of time.

There came a time some months later because I began to work for Garrison outside the organization that I, at his request, copied a lot of the copies which I had given to him because he wanted to set up a separate archives because he felt that the organization was going to burglarize his place and steal the materials that I had provided to him.

So, that second set of materials was what I then provided to Mike Flynn, or sent to Mike Flynn, after I knew that the war with the organization had started, in the spring of 1982.

So, the organization's claim that I stole all these documents -- that's simply not true. I was under contract to provide the documents that I could to Garrison and I performed pursuant to that contract. It was only as a result of the organization's declaring me an enemy -- I knew that I was then fair game. I knew that the battle had been engaged. And I took it as what was the only sane thing to do. Anticipating a legal battle. In fact I was told to get a lawyer. I did.

I got Mike Flynn.

S: Okay. And so, then, how did it progress from that point, the legal battle?

G: Through the spring of '80 -- late spring of '82 and into the summer I provided sets of documents as I was able to get them from Garrison and copy them. I sent them to Mike Flynn. Some of the documents that I sent were some of the originals which I had provided to Garrison.

Some of the originals I provided to Garrison because he needed, or, we felt, that it was very good to have originals because he was considering including copies, photographs of the original documents in the biography, some of the things which were in Hubbard's handwriting and on the original paper would have been great included in the biography. So some of them he had for that reason. Some of them he had because I just didn't have time to copy them. It was our intention that Garrison would copy them and he'd provide -- give the originals back to the organization.

But some of the documents were originals, but most of them were copies which I provided to Flynn.

S: Now up to this point Mr. Garrison had been, as you'd stated before, an ally of the church. And Did he also -- was he becoming disillusioned with all this newly discovered information?

G: I think he was -- he wasn't probably as illusioned as I thought he was. He really was an intelligent man living on the outside of Scientology, and had provided as a writer a service for them in doing the books that he'd done. But he thought his own thoughts and he was independent of Scientology. And he is a -- he's a fighter in his own way, so he had already had his own battles with Scientology just to arrive at the products that he'd done.

So it came to him as really no surprise. And It was a surprise to me that it was no surprise to him. He was pretty real about the whole thing. But, he did begin to understand that he had possession of very sensitive documents and that the organization would then consider him, if not an enemy, certainly a major security threat in that he possessed these very sensitive documents.

S: Okay. So, you went to court. The Church filed suit against you, am I correct?

G: Yeah. August '82.

S: You countersued.

G: Right.

S: This was a big suit. I mean this was well covered in the LA Times. This was like a very big, visible suit. Can you tell me how that progressed and what the outcome was? And who all was involved?

G: Sure. They sued me in August of 1982 seeking to recover the documents which I had sent to Mike Flynn, and seeking damages. And the causes of action were conversion. They considered that my providing -- initially they claimed that my providing the documents to Omar Garrison was conversion because they did not know at that point that I had retained a copy of the contract to show that Garrison legitimately had the documents and that I legitimately had given Garrison the documents.

I defended the suit initially by stating that the documents were not the organization's documents but were L. Ron Hubbard's documents and L. Ron Hubbard should bring the lawsuit but L. Ron Hubbard would not come out of hiding, and he was afraid to come into court. So then Mary Sue Hubbard intervened on his behalf. And she claimed a proprietary interest in the documents.

That was the initial stage of the lawsuit. The judge in Superior Court -- I think it was Judge Coale, then ordered the documents which I had provided to Mike Flynn and to my other lawyers Contos and Bunch in Woodland Hills -- he ordered those documents be delivered to the court and they stayed within the possession of the court through the lawsuit, through the pendency of the lawsuit up until the time of settlement which was December 1986.

So, they initially sued me, and then I filed a counterclaim for the intentional infliction of emotional distress and for fraud. That then, the two cases were bifurcated -- they were split apart so that initially all that got tried at my trial, at the Breckenridge trial in the spring of 1984 was their lawsuit against me. And out of that came the famous Breckenridge decision in which he found that because of my knowledge of fair game, of organization intelligence operations and of the fraud of L. Ron Hubbard that I was justified in going to Garrison, getting the documents that I knew about and sending them to my lawyer. So ... That was the result of that trial.

My case against them...

S: Was that a jury trial?

G: No, judge trial. My case against them did not go to trial

because that was settled. It was scheduled to go to trial. At one time in December of '86, then in early 1987. And in large part because it was scheduled to go to trial the organization settled it.

S: Now I know a lot of other executives at the time sort of -- I wouldn't say rallied around you, but, but, came to witness against the Church during this time.

G: Right.

S: And that was a big thing at the time, right, because these were some of the senior most executives of the church.

G: Uh huh. Laurel Sullivan who'd been Hubbard's public relations officer whose history went back with him through the Sea Org. Bill -- sorry, Bill Franks wasn't there. Homer Schomer. Eddie Walters.

S: Kima, didn't Kima..

G: Kima testified. Nancy Dincalci. So a number of them were, really my friends. People who I'd known inside the organization and outside the organization. A group of friends who were quite close to me and who had the courage to come forward and testify.

S: That's great. Now, your suit settled and -- bring us up to date to this point as well as how you feel retrospectively about the whole situation, what, you know, what would like to do now, are you under a gag order presently? Are you not?

G: I'll give you the history.

S: Ok.

G: So in, From 1984 after the Breckenridge decision there were a series of events -- operations that the organization mounted against me to compromise me, to set me up, to get me charged with false criminal charges, any number of things. The onslaught...

S: 1984, that was during the trial -- during your case or prior to your case or after your case?

G: They began before -- in 1982 they had PIs on me, I was assaulted, I was driven into. They tried to get me in a highway accident. They harrassed me day and night for well over a month. Then as a result of the court's comment about this kind of activity, they backed off. They kept up the legal onslaught and they deposed me in any number of cases and within my own case. And they ran operations against me. You okay?

S: Yeah.

G: But it was really after my trial in 1984 when they escalated the war. They sent around my friend Dan Sherman. You may know him. And I liked Dan. We were really close. And we hung out a lot. But the whole thing was an operation to get Dan close to me so that I could be set up. And what they tried to do through Dan was to convey to me the idea that there was a group of people inside the organization who wanted to reform it, who wanted to get rid of the criminal element at the top of the organization and have it revert to its pre-Guardian's Office, pre-criminal days. Get rid of the criminality.

S: Now, so at this point, were you supportive of that effort, on Danny's part?

G: Well, at first all it was was him telling me that there was this group of people and then he would send me messages from them. And then gradually I built up a relationship with them. These people claimed to be a core group of 35 people inside the organization who were working covertly because of their fear that should it become known that they wanted to reform the organization they said they were afraid for their lives.

S: So at this point despite everything you knew about Hubbard you must have had some faith in the technology of Scientology. Or am I wrong? Am I mistaken? I mean if you thought well we can restore this organization to its original intention to be, you know, this may be humanitarian group or maybe this ...

GA: No. No, it's more like downstairs here there could be any number of Catholics, Protestants, Jews or whatever, but I support the cause that they're involved in. It's that sort of way. I did not consider myself a Scientologist, but, if Scientologists want to continue to be Scientologists and at the same time clean up the criminal element in the organization I can support that without myself being a Scientologist. So I supported their intention of reforming the organization. And I didn't know who they were. I'd never spoken to them so it was sort of a support from a distance -- there was nothing to do. He was relaying this information to me.

Then they initiated a dialogue with me. They wanted to communicate with me. And they would send messages via Dan, the message that they really respected me for what I did, the integrity that I showed during the trial, and so on. I got a phone call one night from one of these guys just after the trial and just the day before I was to fly to London to

testify in the child custody case, the one that Jolly West quoted from today, the Latey decision came out of that trial. I went over there and testified. Well the night before I received a telephone call from one of these people claiming to be one of the 35 Loyalists. And he said, "We can get your pc folders. We know you want your pc folders. We can get them for you." "Oh, ok. What do I have to do?" "Oh, well you'll have to drive to a certain place in Los Angeles..."

S: Griffith Park.

G: No, this was a different -- I never went, I never bit. I never rose to the bait on that occasion. I said, "Well, to me this could be construed as accepting stolen property and it also could be an attempt to get ... to stop me, because of the times that were involved, to stop me from flying to London, cause they did not want me testifying in the trial. I said, "As much as I'd like the pc folders I can't do it." In any case I flew to London and testified. There, in London, I was harrassed at Heathrow Airport by private investigators. And they, in fact, wrote sworn affidavits that I was observed passing sealed documents to a bearded Arab in the Old Cock Tavern, pardon me, on a particular Tuesday night. I had in fact been at the Old Cock Tavern for lunch on the day previous but I was not there now on a Tuesday night. And the whole thing was concocted, but that's true to form of Scientology, you know, manufacture evidence. So they ... a Scientology operative will swear to anything. The fact that it's a sworn affidavit doesn't mean anything. But it was just another piece of the ongoing operation to compromise and set me up.

I returned to the U.S. and then I was contacted by two people. One of them was David Kluge, who I only knew at that time as Joey. And the other one was Mike Rinder, who I'd known from inside the organization in the Sea Org. And both of them -- and all of this was video taped, illegally, covertly, by Gene Ingram. And I didn't know at the time and I talked to them like I ...

S: This was the meeting in the park.

G: Right.

S: The famous meeting in the park.

G: Right. And there were a series of meetings in the park but I talked to them like I talk to you and I -- you know my language was atrocious. I made bad jokes. Just rotten. I had a foul mouth at the time. But I was also -- you know, I mean, I could pick up that there was something weird going on because what they would tell me off camera seemed to be so different from the questions that they're now we're sitting on a park bench and they're talking to me. And I'm ... was

completely open about the whole thing, but I also knew that there was something weird about it so a lot of what I'm saying on the video tape reflects that aspect of the thoughts that are going through my mind about how strange this is.

But there are some really funny things that occurred. If you've never seen the videos, they're very, very funny.

S: You know, I on't know, Gerry, that the videos were ever shown. What I do know is that a transcript of these meetings was published in Freedom News Journal.

G: Right. A part, part of it.

S: In part. But it was very interestingly written because it would say -- it would have a quote and it might be a sentence, and then it would say, "And then he said..." and the rest was all just like editorialized, "And then he said this and this and de-de-de-de-de-de-de-de-de-de." And then there'll be another quote. And I thought, "Well, if he said these things why didn't you just publish the dialogue? Why are you giving me your interpretation of what he actually said?"

J: True to form.

S: Of course. It amused me. I was still involved in Scientology. Still a believer. I saw this. I have to tell you, this shook me, cause I went, "This is nuts." Who could ever believe this article? And I was truly, truly committed to the organization at this point. But it really made me go, "Please, this so discredits them. Why would they do this this way?"

G: When they first broke the videos in 1985 up in the Christofferson trial, before they were shown to the jury the judge viewed the first two videos. And he viewed them in his chambers, then he came back out and he said, "These are very damaging, damaging to the church." Right. And they polled the jury after the trial. And they said that the video tapes of me only proved one thing. And that was that fair game was alive and well in 1985.

So, the Scientologists are so blinded. Here's the way I think it went down. People are reporting to Hubbard through this time that they have an intelligence connection to Armstrong. And Hubbard hates Armstrong, you know, cause I've been saying all these things. And they've been telling him that I took the documents.

S: Pull back the curtain.

G: I mean, out of what I did came the Breckenridge decision

which stated, "This guy is a paranoid, schizophrenic." I mean just the worst thing that he ever wanted to hear. But true.

But they -- the organization could never tell Hubbard the truth. And Hubbard could never hear the truth, so there's a perfect situation there for Hubbard to get partial truth and it always happened inside the organization, then he would issue an order. He would issue an order, in this case, like, "Get that into evidence. That'll destroy Armstrong." Because they're telling him, "We've got video tapes of Armstrong saying 'this,' and of course, they take one line out of context." But that's the big win that they want to convey uplines to Hubbard.

And of course, Hubbard doesn't get the whole picture, but now he has issued an order. And now they have to jump through the hoops to get those video tapes -- illegally taken, and the judge stated up in Oregon, these things are illegal. But they fought to get them in. And after the judge said they're damaging against the church, does anyone care? I had to go through the incredible embarrassment of my foul mouth, and I didn't know, you know, did I pick my nose, you know -- how did I? You know there's four hours of video tape I was just -- I was a total jerk.

S: (Laughter)

G: But I understood after a while I really -- it was terrible to me. Up in the Christofferson trial. When I knew that my friend, Dan Sherman had set me up, that the whole thing was a set-up, that they'd video-taped all of this stuff, the betrayal was so awful to me. I was suicidal for just days. I walked out of the courtroom. The judge got rid of the jury, sent everyone home, and he was busy watching these things in there. And I'm sitting, I'm alone out there in the courtroom for an hour and then someone, one of the Scinos' lawyers walked in and made some complaint about me even staying in the courtroom and so I walked outside.

And we were on the third floor of the courthouse. And there was, you know, the stairs came up like this onto the third floor and then they went around like that so there were two places where you could look down three floors onto the marble floor below. It looked just hard enough that it would do the job, just smack! I really considered it for a long time. I walked over to the railing of one of these areas and I looked down, and I was just contemplating just ending it right there. Then I realized that down below was a set of pay phones and that, you know, someone crossed over there to the payphone and I realized, you know, here I go to end it all and I take some innocent guy out walking to the payphones, so I couldn't do that so I walked over to the other one, thinking well, you

know, here's an opportunity. And there was a bank of Coke machines. And so, you know, just out to save some other poor guy, I didn't take my own life at the time.

But it was horrible. I just ... I came just so close. And I... My heart -- there was incredible pain. One night I just couldn't sleep and there was this pain and I just couldn't breathe. Awful! It went on for some days over a weekend and then into the next week. I think they had me on the stand for 10 days, 7 or 8 of which were cross-examination with the great Earle the pearl Cooley. Anyway ...

So that's what happened in 1985 and they just continued after that. Then they culled my pc folders. And they sent all the most scurrilous stuff out of my pc folders. And they put that ... filed the stuff in my case in LA Superior Court.

S: Well, you had to have of known that that was going to happen.

G: Well, I mean, you get a sense but you really can't believe it until you see it. And then you can't believe the twists that they and their lawyers put on it. You know and there was this dream I had. I had a dream up in Portland in '85 and I sent it... I've had very few memorable dreams in my life and only one or two of them have I ever written down. And this one was so vivid and so memorable that I wrote it down. And I wrote it, I think, very concisely. It was some of my very best literature because it is really tight and really good. It's also really foul. The language and the concepts are just grotesque. But it was a great dream. And I sent it to Dan Sherman because he's my literary buddy. It ends up the Scinos get it and they got that! And they want to put that into evidence in the ... the Christofferson trial!

That one, that one followed me this last year it showed up in Johannesburg in South Africa. The organization provided it to their lawyers over there to attack me with. A dream! And they twisted that -- that the fact that I had a dream was the proof of what a perverse, distorted guy I was. Anyway...

So, there was a series of things. When I first arrived in Boston, in September of '85, well October '85, they brought criminal, they attempted to bring criminal charges against me with the FBI for impersonating an FBI officer. Five times they brought either flat out criminal, or quasi-criminal contempt charges against me. And they tried the same thing in Marin County.

S: Gerry, let me stop you here for a minute. What motivates you. I mean, why on earth wouldn't you say, "I did this. I messed up. I made a wrong choice. I'm just going to go away now. And have my life and just ... you know, I have my wife

and I have our birds or..." whatever you guys had at the time. I don't remember. I used to get Christmas cards from you guys -- I think you had birds or cats or something.

G: Yeah! We had birds. That little guy could talk.

S: Nicky?

G: Mikey.

S: Mikey.

G: Right!

S: That's right.

G: Anyway, there was a period of time, December '86. It was the time of the settlement. And we'll get back to the settlement in a minute.

I felt that I really could get on with my life. And I could do a number of other things. I began to, I mean I'd always written, but I wrote seriously. I drew seriously. I spent a lot of time doing my things. I had my own life. And I maintained communication with my friends you know, who I did not disconnect as a result of the settlement. The organization may have felt that I should have or had to or that I was contracted to but I didn't do that. But I really had my own life and I wasn't involved in anyone's litigation. And I didn't have to do anything about them for a period of time.

But the organization couldn't quit. They couldn't let the Breckenridge decision stand. They couldn't let my image stand, whatever I represented to them so they continued their attack. They continued in a false -- what they call a Dead Agent pack that they put out against Bent Corydon in 1987. They did it in the Russell Miller case, in London in 1987. They filed 8 absolutely false, scurrilous affidavits regarding me, specific to me in that case.

S: And this was post-settlement agreement.

G: Post-settlement agreement. Gene Ingram provided an edited version of the video tapes -- the illegal video tapes to the London Sunday Times.

S: Now let me ask you something? In this settlement agreement, does it clearly state that this was not allowed? In the settlement agreement? I mean, were they thus in violation of the settlement agreement?

G: In my opinion, yes! Because the settlement agreement,

unless it worked two ways, didn't work at all. But if it was only one-way, then they relieved me of any duty to perform by their doing that. In other words, they cannot -- if the settlement agreement is only a lop-sided, one-sided settlement agreement, that's fine! I honor it and I'm silent. And I don't do anything to violate it. Then everything works fine as long as they don't. But as soon as they, in a new, as they would say, unit of time do something, I clearly have the constitutional right to respond and speak out. They waived the right. They had to remain silent whether it said they had to remain silent or not. Additionally --

S: Did it say? That they did? I mean, was it one of those agreements that Okay, we're just going to both let by-gones be by-gones?

G: That's exactly the words in it, yes! Anyone would interpret it that way. And anyone did. But they interpret it by saying --

S: You should let by-gones be by-gones and get over it but they didn't have to.

G: Not only that! That they have a right to say whatever they want and I must remain silent even if they can say that I was an ax murderer. And I must remain silent? It doesn't work. But not only that, I realized that my silence was in fact an obstruction of justice. Because all of those people who depended on my testimony, and I have great testimony regarding the fraud of Scientology, was vital to anyone who'd been defrauded by Scientology. So I felt that I really have a right and a duty now to stand up to the organization. I did not --

S: So you were feeling like you were getting over it and you wanted to leave it alone and you wanted to get ahold of your life, for a period of time until they began to lash out at you, at which point you said, "Hey, I don't need to lay down, for you to run over me."

G: Well, there was a series of -- even though they published the Corydon Dead Agent pack, even though they published the material in the Russell Miller case in 1987, shortly after the settlement agreement, I didn't do anything. And I didn't do anything until I got a series of telephone calls from Larry Heller, organization attorney threatening me with law -- with being sued if I were to even testify pursuant to a subpoena. So I knew at this point, "This has gone too far." And what happened was I was subpoena'd to testify in a deposition in the Bent Corydon case. Toby Plevin subpoenaed me. Now I had maintained some communication with Bent because he is my friend. I had not assisted him in any way in his litigation

because I had agreed not to do that but I knew that if he subpoenaed me, that that was senior to whatever settlement agreement existed.

Another aspect of the settlement agreement that you should know, was that I was told before signing it by my lawyer, Mike Flynn, that it was "not worth the paper it's printed on. You do not have to obey this. It cannot be enforced." So I signed in large part because Mike Flynn said that.

Now, in addition to that, Mike Flynn had told me through time -- and I had grown to understand that 1) the organization had attempted to assassinate him 2) it had destroyed his marriage and 3) he had to get out of the litigation for those reasons. So I was faced with, if I don't sign, then all of these other people don't get to settle, my lawyer can't get out of the litigation, it's going to go on forever, and in addition to that, I've been told by my own lawyer it's unenforceable, it's not worth the paper it's printed on. So sure, I'll go ahead and sign this thing and I will even attempt to honor it knowing that the only hope for a settlement with that organization is if they do change their spots if they do indeed turn over a new leaf, and if they do indeed repudiate fair game. They haven't done it. Hence we now are again locked in battle.

S: Now what is your present litigation with the Church of Scientology?

G: They brought a lawsuit to attempt to enforce the settlement agreement. Out of it ... in May of this last year, there was a hearing here in Los Angeles, in Superior Court, in front of Judge Schigian. The organization claims that they got a great big win out of it and that I am enjoined pursuant to the settlement agreement. Not true! Judge specifically said that he would not enforce the settlement agreement other than one very narrow issue. The very narrow issue is that I cannot except pursuant to a subpoena, assist someone intending to file a claim or pressing a claim against the organization. Now that we are appealing even that narrow ruling, because that's unenforceable because if you construe that my... that this video could possibly indirectly help someone in the future, I can't do this. And not only that but if you consider that my existence indirectly or directly helps someone, then I am obliged to take my own life. In other words then I must stop breathing. It's unenforceable hence I feel that I am completely at liberty to associate with whomever I want, to talk to whomever I want, and I act in life that way.

And that is in part why I am here at this event now, why I came to the CAN Conference.

S: OK, so what are your further plans? I mean, you're doing great, now. You've got this luxurious long hair.

G: I want to run a 236 marathon.

S: 236 what? 236 yards?

G: 2 hour and 36 minutes marathon. And I want to..

S: That's what you do, you run.

G: I run. So I want to do that. And I want to end the litigation and I want, you know, peace for everyone. I want to reform the economic system of the world and that's mainly it. I don't have any designs on the U.S. presidency.

S: Presently.

G: No, I can't have, I'm Canadian.

S: Oh, That's right.

G: OK are we done here?

End of Tape.

December 22, 1992

David Miscavige and all other individuals who participate in the control of Scientology
C/O Laurie J. Bartilson, Esquire
Bowles & Moxon
6255 Sunset Blvd., Suite 2000
Los Angeles, CA 90028

Re: Nothling v. Scientology

Dear David and all others involved:

I am writing this to you, and the various copy recipients listed below, because there are certain things it is fair that you know. Although it is the trial in the Nothling case, which, I understand, is set for early February, that has moved me to write at this time, the idea of writing has made addressing a number of other subjects also timely.

You will recall that in June of 1991 when Malcolm Nothling called me and asked me to testify in his case in Johannesburg I wrote to the organization via Eric Lieberman to see if by initiating communication on the subject you might see that there was an answer to your litigation problems different from the one you and your erstwhile leader had been believing in and pursuing as long as any of us can remember.

Mr. Lieberman wrote back, essentially advising me you said stick it in my ear, and that more, not less litigation was going to be the same old solution; and to not expect communication other than the solidest of sorts. Copies of Mr. Lieberman's and my letters are enclosed herewith.

I did travel to South Africa in 1991 to testify, as you know, but the trial was postponed on the organization's motion. Now it's set to happen again. Again Mr. Nothling has asked me to testify, again I have agreed, and again I am writing you to see if there is any sense in attempting to unfoment this litigation.

Your public attack line that Gerald Armstrong foments litigation against you is particularly hurtful because of what I have done and continue to do to unfoment litigation. Even my signing of your settlement agreement was, in the face of your intent to hurt me, which fact is settled by the agreement itself, an act only of unfomentation.

You all should take a good hard look at the hurt your practices, certainly your litigation practices, cause in the world. And you don't have to desist in them because of anything I've said. You can knock off those bad practices for any reason you want, including because they don't work and make no sense.

All the decent people, believe me, in your organization want you to get out of the stupid attack-the-attacker business, and they'd salute you for getting the organization out of that silliness, but they're too frightened. You shouldn't frighten good people that way. It's cruel. And any thinking soul knows that you guys are only acting out of fear, so you really are not fooling anyone with your blindness and bluster.

I realize you've put your faith in really bad things, like lies and PR, threats and bullying, and really mean people, like Gene Ingram. And I'm aware that having put your faith in badness for so long, and spent so many millions of dollars to have so many bad lawyers make so many bad decisions and add so much to their brethren's bad name, it can seem impossible to quit. But you must. All it will take is the willingness to unfoment your litigation.

Eugene M. Ingram has done such nasty things to so many people in the service of your organization, you and he should be spanked. His terrible charge at the CAN convention that I have AIDS is heartbreaking, not because I have AIDS, which I don't, but because your pet pit viper personalizes and focuses your organization's institutionalized hatred.

By accusing me of having AIDS, you and Ingram attack not just me, you attack the many people whose lives have been touched by this disease, or for that matter touched by your organization, and you attack yourself. Your similar-veined attacks on other people of good will at the CAN conference, like Father Kent Burtner, has brought your organization to ignomy.

But the target of faith can be rechosen. And that is where I urge sense and unfomentation. Put your faith in what is real, what is true, what can always be depended on. Put your faith in what in people is true, unchanging and ceaselessly loving. Putting your faith in lies, PR, threats, bullying and bullies you will always betray yourself because you put your faith in nothing; and you and every being everywhere have a right to everything that nothing isn't.

Likewise don't put your faith in litigation or your use of the courts to harass. It is possible to be faithful to a higher ideal than wins in court. If you have put your faith in lies, leverage, advantage and bullying to secure a win, you have gained nothing. If you put your faith in truth, hope, charity, love, no matter the courtroom outcome you have everything; that's religion.

Since the 1991 almost trial in the Nothling case the California Court of Appeal issued its opinion in the appeal you took from the Breckenridge decision in Armstrong I, the California Supreme Court denied review, and the Court of Appeal

denied your motion to seal the appellate record. You brought and lost the motion to enforce the settlement agreement before Judge Geernaert in Armstrong I, and then you sued me to enforce it in Armstrong II.

In May Judge Sohigian issued his ruling refusing to enforce the agreement, although enjoining me from testifying unless pursuant to a subpoena. He also ruled that I did not have to not make myself amenable to service of process. I will supply a copy of the Breckenridge decision, the Armstrong opinion and the Sohigian injunction to any of the recipients of this letter upon request.

Because you didn't appeal from the Sohigian injunction, you have accepted it. I believe as well that for a valueless desire for a valueless win at any cost you also accepted his dicta; e.g. "involves abusing people who are weak," "involves techniques of coercion," "a very, very substantial deviation between [your] conduct and standards of ordinary, courteous conduct and standards of ordinary, honest behavior," "be sure you cut the deck," "make sure to count all the chips."

As a result, I consider myself free to do anything anyone can, except testify absent a subpoena. Much of what I am permitted do I am going to do. I am going to write freely, speak freely, publish, talk to the media, associate freely, and continue, until you put your faith in something more religious than what is bad in jurisprudence, to confront the injustice you bring to court.

In the next month or so I expect to initiate speaking or media events to help pay the enormous costs of this litigation. And I expect to promote my legal position within the publishing industry, because my story and my writings on the subject are literarily and commercially worthy.

I will continue to associate with and befriend all those people I consider you attack unjustly and senselessly. I will make my knowledge and support available to the Cult Awareness Network, a group of people of good will you vilify, in all the litigation you have fomented against them. I will make my knowledge and support available to any Scientologist who is afraid to go anywhere else for understanding, and to the families of Scientologists your organization has estranged. I will even make my knowledge and support available to entities like Time and people like Rich Behar in their defenses from your attacks.

I will, nevertheless, remain available to do whatever I can to unfoment your litigation. I will meet with you, talk with you, help you to find a better solution to your problems. Because of your decision to not have anyone communicate with me, no one from your organization has. I get a little lawyer

contact, lots of P I BS, an OSA hearing or deposition attender, enough psychic skirmishes for an army, but, for the life of me, no real people.

In 1991, fantastically, I was the only person in the world, other than Malcolm Nothling himself, who was willing to testify at his trial. And that was enough reason to go. In February 1993, although at this trial I probably won't be the only person willing to testify, there will still be ample reasons to go, unless the case can be resolved.

I really would rather there was no trial and I really would rather not go. Lord knows this last period has been overwhelming and the litigation behemoth terrifying; and Lord knows I have my own calling, which has nothing to do with your legal problems. So I'm willing to do a lot to unfoment the Nothling litigation, and all the tangled legal webs you've woven. But I sure can't do much if you continue to see legal warfare as the solution to your problems and continue to pay the millions your legal mercenaries say the warfare costs.

I am aware that with enough money to enough lawyers you, the leaders of your organization, can hide yourselves and make your roles in your trumped-up war seem very important. There is no doubt this is desirable, it just isn't fair. The real purpose of your little war is to facilitate your doing something different from Scientology, while all those whom you control must go through the daily grind you say you're above.

I don't fault you for doing something different from Scientology, but I do not find acceptable your holding Scientologists in bondage to your catastrophic cause, enforcing your lie that you have their best interests in mind, robbing their years of youth and vigor, and putting them at risk while you show up at the occasional ribbon cutting ceremony, lunch with lawyers and the like, sucker celebs, run PIs and intel ops, conspire, cheat, lie, steal, bully and destroy. I urge something more creative as a better idea.

Your hardworking staff members and people of good will around the world who have supported you financially and spiritually will not for much longer be fooled by your foolishness and will stop believing your lies. They will speak to each other, they will speak out against your suppression, and they will act to free themselves and their friends. You cannot much longer, as we move societally into the age of wisdom, cynically and sillily intimidate good people with threat and suppress good people with lies.

There is the matter of mitigation of damages which, because you insist your lawyers tell you what you pay them to say, you may not have heard or yet understood. In that by the Sohigian

-ruling I am permitted to speak freely, write freely, publish freely, associate freely, when, it could be argued, and you have, that prior to the ruling and pursuant to the settlement agreement I was not so permitted, I have, in your attempt to enforce the agreement, prevailed.

By not appealing the Sohigian ruling you have acquiesced thereto. I am therefore due costs and fees in Armstrong II plus the costs and fees you already owe in your earlier losing and unappealed effort in Armstrong I. But in addition to the fees and costs now owing, and increasing as you protract this already lost litigation, there is the cumulative effect of your legal onslaught which, continuing after the case was lost, if not before, is in every minute malicious.

Gerald Armstrong and The Gerald Armstrong Corporation (TGAC) must also mitigate their damages. I have a duty, therefore, to end this litigation as quickly as possible. Thus I write to so many organizational recipients; thus I canvass to see if within the organization's many parts, all put at risk by their leaders' asininity and mean-spiritedness, there are people of good will who will see sense in what is in their best interest.

That after the Sohigian ruling you sued TGAC (pronounce that Tee-Gee-Ack) is silly and self-destructive. The only thing in the world Gerald Armstrong, individual, is prohibited from doing by the "injunction," is testifying about his Scientology history and knowledge without first accepting the perfunctory subpoena. TGAC only came into existence in 1987, six years after Gerald Armstrong's organization experiences ended, and a year after the Armstrong I litigation "settled."

TGAC cannot testify, with or without subpoena, about any Scientology experiences, because it has had, aside from those which have flowed from your lawsuit, none. Since no one, including TGAC, is prohibited by Sohigian from doing any of the things TGAC actually is capable of doing, it is free to do everything anyone or any other corporation can; and by not appealing the injunction you have so agreed. Thus, having no conceivably legitimate claim against TGAC, you depend on one manufactured from madness, and you must therefore dismiss the mess you've made.

There is also, as mentioned above, the fact that in order to defend myself from your attacks and to fund the defense of the litigation you have fomented I must speak and must publish. I'm sure you understand that I remain completely confident that no court, other than the odd one your mercenaries are able to compromise with bucks, babes or bull, will order me to not defend myself.

I realize you will probably claim to be offended by

everything I've written in this letter. I can't do much about that because you seem to take offense no matter what I say or write, or don't. For, *inter alia*, that reason I haven't said or written it differently. I really don't blame you for being offended and I don't expect you not to be offended; nor will I be offended if you are. I think my position is obvious and I think peace is worth doing something about, even if the fomenters of war are offended. I've used the words I've used because to me they make sense and they're a facet of my craft.

This letter is not really, however you may take it, a complaint nor an attack. It is an effort to unfoment your litigation, into which I have been, albeit for some God-given purpose, drawn. So, neither forgetting nor ignoring Judge Sohigian's admonition not to settle Armstrong II, but still hoping, with my heart crossed, here is my proposal:

1. Settle the Nothing case;
2. Settle with Ed Roberts;
3. Dismiss your complaint against TGAC and Gerald Armstrong;
4. Remove all your bar complaints against Ford Greene;
5. Pay my attorney fees and costs;
6. We will dismiss the cross-complaint and appeal;
7. Cancel the agreement;
8. Return all materials you've stolen from me at any time;
9. Pay me whatever you want, including, but not limited to, nothing.

1. Malcolm Nothing has a claim and he has survived a lot to get to trial. His costs, not much by US litigation standards, must be recognized, and he must be made whole financially, ethically and publicly. I am convinced that his daughter, but for your control of her mother and her life, would enjoy a healthy, loving relationship with her father. Therefore you must do whatever is within your power to reunite them.

2. You know about the Ed Roberts case because Ms. Bartilson interrogated me about my providing assistance to Mr. Roberts in my last series of depositions in Armstrong II, and one of your lawyers, Marcello Di Mauro, in earlier times communicated about him with Ford Greene. Ed Roberts is a friend of mine who

was sucked dry and flat out robbed by your registrars on the way to an up- or downstat week of no consequence to anyone as it turns out, and always does, but Ed.

I have found myself in the silly position of being the only person in the world willing to help Mr. Roberts against your organization. Again, I have no desire to have Mr. Roberts engage you in litigation. In fact his situation can be resolved without your fomenting not only more litigation, but more ill will and silliness. For you it is merely an accounting matter. You ripped Mr. Roberts off; now pay him what is needed to make him whole again.

Mr. Roberts' case of Scientology lies, threats, treachery and thievery, his own money then used to pay your pitiless pettifoggers to prevent him from anything resembling redress, is being played and replayed every day of the year in your orgs. I would think that the three or so million you wasted on your inane USA Today ads to counter Richard Behar's few good pages could have taken care of three hundred Mr. Roberts and done a heap of good.

All your ads did was a heap of bad: more lies, more hate, more embarrassment for Scientologists everywhere, another dead forest, and an uncharitable little delay to your victims before they are made whole. The Ed Roberts case is, in my opinion, the proof of Time's theme: that you are - all of you at the top of your organization - a cult of greed. But worse, you squander your plunder, as witness Toronto, starve the good and fatten your PIs and proctors and their proctologists. And all with the fatuous excuse of a right to defend wrongness and attack rightness because your "religion's" stupidity is, in our courts of law, beyond question.

Anyway I want to have Ed's needs taken care of toot sweet. He probably wouldn't think less of you if you didn't apologize, but I think it's a good idea and sure couldn't hurt.

3. I don't care what order everything is done in. I think whatever is most practical, sensible and ergonomically sound is the way to approach this particular program, which, I'm sure can be wrapped up in a couple of days.

4. This is easy. These Ingram-generated efforts have only served to shine a light on your invidiously scheming enterprise. All your similarly baseless bar complaints against my other lawyer, Michael Flynn, came to nothing. You should learn from the earthworms. Filing no spurious bar complaints whatsoever they demonstrate their superior philosophy.

5. Although they're in the range of, I don't think fees and costs are over \$500,000. Clearly nothing is going to happen

unless you cover my attorneys' fees and costs. To leave me with that indebtedness is unfair and unworkable. You will recall that I made a proposal in 1984, being then scared and weak: pay my lawyers' fees and costs of, I guessed, \$150,000, and I'll quit. You, and in those days, Hubbard, said no way. I, less scared and much stronger, urge you to choose again.

6. Dismissal of the cross-complaint is easy. I'll take care of it.

8. I'm aware this may for a long time remain a pettiness you'd rather not confront. But I can guarantee that if you return my materials - the Hubbard letters manuscript, the Cones, all the other materials you and your PIs have stolen from me over the years, I will not bring criminal charges, and I won't even bring the subject up again.

9. You have to cancel the settlement agreement in order to demonstrate to yourselves that it was the wrong thing in which to put your faith. You will notice that when you cancel the agreement nothing will happen. Yet you will have freed me. And that is what you should make Scientology's only business: freeing people. You will also observe that when you free me you free yourselves; in fact you cannot yourselves be free unless you free me.

Regarding my relationship with you after you cancel the agreement, that is where you must reassert your faith. Have the faith that I will neither say nor write worse things about you if you free me to do so. As you know I can say some pretty pointed things about you now just because you won't cancel that degrading document. Put faith in what occurs in silence. Put faith in the inevitable.

7. You decide. If you think I did a lousy job unfomenting your litigation, pay me zip. Even if it all works for everyone, timing inspired and ideas a Godsend, you don't have to pay me anything. I generally don't refuse what's offered. You know how much I'm worth.

I haven't forgotten Wollersheim, Yanny I & II, the Aznarans, the CAN litigation, claimants all over the place, your government lawsuits, the rest of the settlement signatories, your taxes, nor your image and media distress, and I think it's appropriate to say that I can help you unfoment those problems as well. I would, of course, need half a chance.

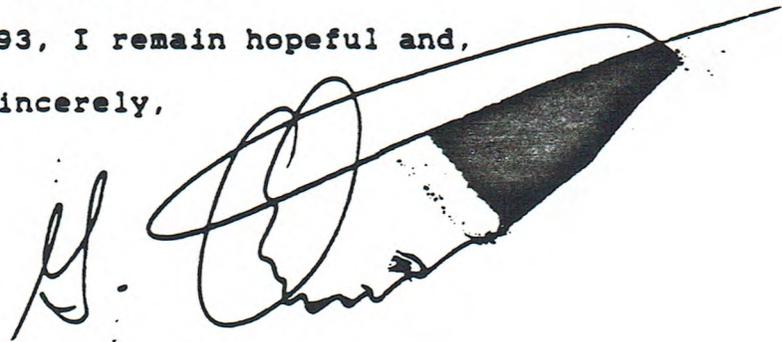
If you look deep in your hearts I believe you'll find you really do not want Scientology's legacy to be one of suppression: suppression of the Constitution, human dignity, truth, religion, justice, even suppression of your own good selves. Wouldn't it be better to be known as the people who ended the madness in

peace and style; a radical recognition of the transcendence of quantum scientology. LRH was Newtonian in his physics and relativistic epistemologically. I like to call one aspect of my philosophy, *inter alia* non-mutual exclusivity.

I believe that everyone will become a person of good will, that everyone already is, has been and will forever be, that there is progress and perfection, hope and reason, that to know who we are we must accept the truth of our relationship to our Creator, that all about us that we made is illusion, that we have reason to be grateful that is so, that our Creator, God, our Father Loves us in the same Love by which He created us and holds us always safe and always loved in that Love, that we, His children, are one and One with Him, that the means by which He is remembered, and hence our relationship, and hence who we are, and hence what we know, is forgiveness, that forgiveness is the recognizing of illusion for what it is, that creation is our nature, and that everything is all there is.

With a wish for peace in 1993, I remain hopeful and,

yours sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'G. Armstrong', is written over the closing of the letter. The signature is highly cursive and somewhat abstract.

Gerald Armstrong
715 Sir Francis Drake Blvd.
San Anselmo, CA 949650
(415)456-8450

:ga

cc: Malcolm Nothling
Ed Roberts
Lawrence Wollersheim
Richard & Vicki Aznaran
Richard Behar
Ford Greene, Esquire
Paul Morantz, Esquire
Joseph A. Yanny, Esquire
Toby L. Plevin, Esquire
Graham E. Berry, Esquire
Stuart Cutler, Esquire
Anthony Laing, Esquire
John C. Elstead, Esquire
Michael J. Flynn, Esquire
Fr. Kent Burtner

Margaret Singer, PhD.
Cult Awareness Network
Daniel A. Leipold, Esquire
Church of Scientology International
Church of Scientology of California
Religious Technology Center
Church of Spiritual Technology
Church of Scientology ASHO
Church of Scientology AOL
Founding Church of Scientology of Washington, D.C.
Church of Scientology Flag Service Organization
Church of Scientology of Arizona
Church of Scientology of Los Angeles
Church of Scientology of Stevens Creek
Church of Scientology of Sacramento
Church of Scientology of San Francisco
Church of Scientology of Washington State
Church of Scientology of Boston
Church of Scientology of Portland
Church of Scientology of New York

Scientology in the Schools

Is L. Ron Hubbard's morals text harmless?

BY KENNETH L. WOODWARD
AND CHARLES FLEMING

When Carol Burgeson received a copy of "The Way to Happiness" in the mail 13 months ago, she read it through and decided it was the perfect non-religious vehicle for teaching moral values to her senior students at Thornton Township High School in Harvey, Ill. So Burgeson ordered more free copies of the book by L. Ron Hubbard and used them to stimulate discussions in her classes. "It seemed so harmless," she says. "Brush your teeth, do your work, don't be tardy—what's wrong with that?"

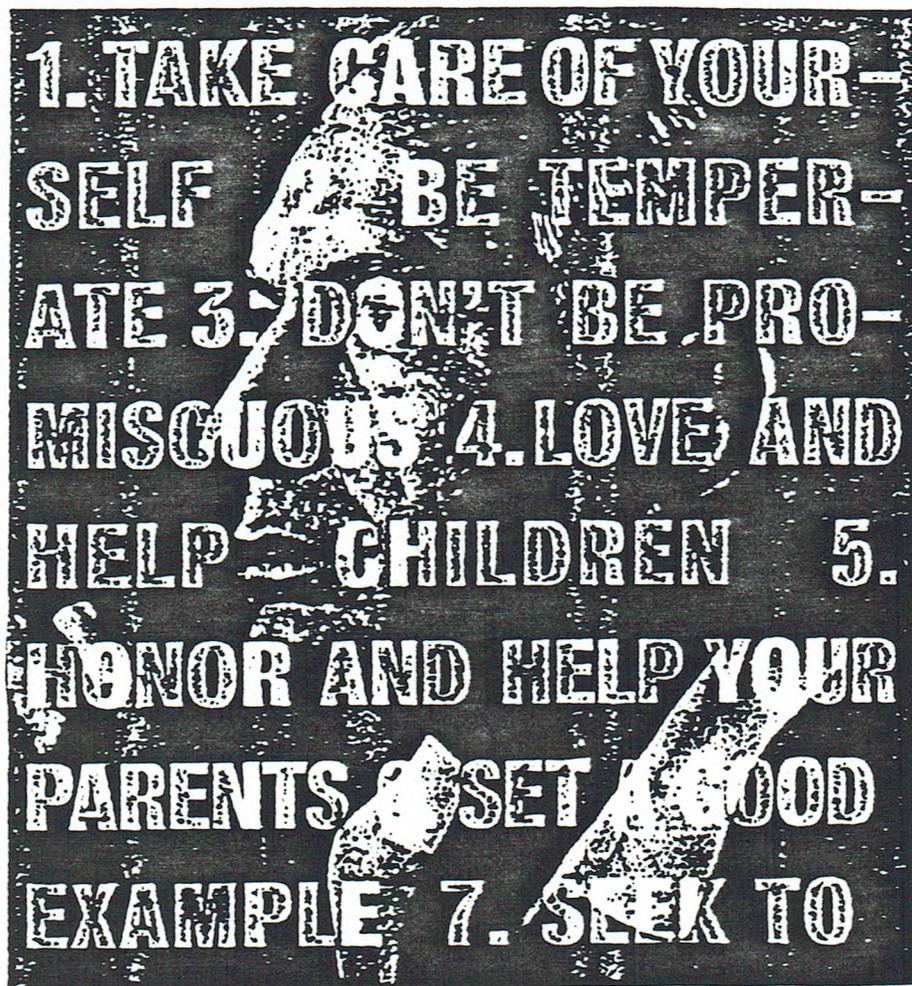
Nothing. But she was more than a little surprised to discover that the late Hubbard, who is identified in the pamphlets by name only, was the founder of the Church of Scientology, and that the pamphlets are distributed by a foundation tied closely to his controversial religion. She's not alone. With little fanfare, Hubbard's text has found its way into the nation's schools. According to the Scientologists, 8,300 public-school teachers and administrators have used the morality text since it was first published in 1981. Altogether, church officials estimate, 6.8 million pupils in 7,000 U.S. schools have studied Hubbard's moral principles; internationally, more than 34 million copies in 17 different translations have been distributed—sometimes, say Scientologists, by major corporations. "That book," says the Rev. Heber Jentsch, president of the Church of Scientology International, "has probably had more popularity than anything Mr. Hubbard has written."

The need for books on values has long been recognized by public-school educators. Strapped for cash and under pressure from parents to deliver a values-oriented education, many teachers and administrators welcome any text that promises—as Hubbard's does—to deliver sound moral principles on a "nonreligious" basis. But when *Newsweek* checked with public-school educators who received the text, some said that they had been misled. In Brooklyn, N.Y., Lawrence Herstik, principal of PS 238, initially welcomed "The Way to Happiness" as "a values-oriented book about righteousness and peace." But he stopped using the text after he discerned "an undercurrent of a religious nature." In Bellflower, Calif., Jeanie Cash, principal of the Frank E. Woodruff Elementary School,

ordered copies of the Hubbard book but refused to put them into her classrooms when she discovered that they came from the Church of Scientology. "They sent a brochure saying it was a self-esteem program," says Cash. "I feel that I was deceived. We feel very strongly about the separation of church and state."

shipping house, and promoted through The Way to Happiness Foundation, and several independent corporations designed to propagate Hubbard's thoughts.

All of these purportedly "secular" organizations are coordinated by the Association for Better Living and Education (ABLE), which is an organ of the church. The "Way to Happiness" book is itself part of Hubbard's extensive philosophical and religious writings, which for Scientologists, says Jentsch, "are the same as the Bible is for Christians and the Koran is for Muslims." What makes "The Way" acceptable for public-school use, Jentsch argues, is that students who read the book do not have to follow Hubbard's moral



Since "The Way to Happiness" claims that it is "not part of any church doctrine," Scientology officials insist that its use by public schools poses no problems. Hubbard wrote it in 1980, they report, the year the U.S. Supreme Court ruled that public schools in Kentucky could not display the Ten Commandments in the classroom. Like Scientology itself, says president Jentsch, the book merely teaches "common sense." However, the volume is published by Bridge Publications, the church's own pub-

"Way to Happiness": Hubbard's 'secular' text

principles, while members of the Church of Scientology must.

On the surface, there is little in the book that would trouble any educator who believes in cleanliness, honesty, integrity and tolerance. Among Hubbard's 21 moral principles is this curiously relaxed restatement of the golden rule: "Try not to do things to others that you would not like them to do to you."

Martyrs for Multiculturalism

Courses that students at UCLA might die for

But Hubbard's catechism is also studded with jarring axioms. It declares, for example, that "the way to happiness does not include murdering your friends, your family or yourself being murdered."

More important, anyone familiar with Scientology will find that the text uses key words and concepts taken directly from Scientology's religious lexicon. For instance, Scientology teaches that the fundamental point of life is "survival," and that only those who become the "cause" of their own actions can be truly happy. This is also a major theme of "The Way to Happiness." More significant, Scientology teaches that the truth is "what is true for you." This relativistic view is repeated with emphasis in the book. On the other hand, the text is silent about most of Scientology's central tenets: for example, its belief that people suffer from evil deeds done in past lives that the church's ministers can correct through expensive counseling courses, and its adamant opposition to psychiatry.

Front group? Critics of Scientology, including some former officials, argue that "The Way to Happiness" is primarily a recruiting tool for the church. According to Vicki Amaran, who once served as inspector general of the Religious Technology Center, the church's highest ecclesiastical organization, The Way to Happiness Foundation is "a front group to get people into Scientology" and the book is designed "to make Scientology palatable to the masses." Another former church member, Gerald Armstrong, claims that Hubbard wanted "rich Scientologists to buy huge quantities of this book for distribution. He wanted to go down in history as a scientist or a philosopher or both." Both Amaran, who runs a private detective agency in Dallas, and Armstrong, who works for an anti-Scientologist attorney in San Francisco, are currently locked in prolonged and bitter litigation with the church over a variety of claims.

Church officials strongly deny that "The Way to Happiness" is a lure to attract potential converts. Still, the church is anxious to broaden its appeal by promoting Hubbard's various "technologies" for combating drugs, reforming criminals, teaching morality and learning how to study—and doing it through its sundry satellites: Narconon, Criminon, Applied Scholastics and The Way to Happiness Foundation. The church's encyclopedic reference text, "What Is Scientology?," claims that 23 corporate giants have used Hubbard's study technology. Yet a check of three of them—Mobil Oil, General Motors and Lancôme—brought denials of any corporate involvement with the church. But if the nation's public schools are any measure, Hubbard's tracts will continue to turn up in the most surprising places. ■

For 20 years, the University of California, Los Angeles, has offered courses about Chicano culture and history. But last April, on the eve of the funeral of Cesar Chavez, the farm workers' union leader, officials announced that they would not create a special department devoted to Chicano studies—instead they pledged to im-

content themselves with interdisciplinary majors taught by professors from traditional academic departments. That arrangement is unsatisfactory, say the demonstrators, because faculty members have little time or encouragement to concentrate on ethnic studies. Their solution: full academic status for Chicano studies. "We cannot

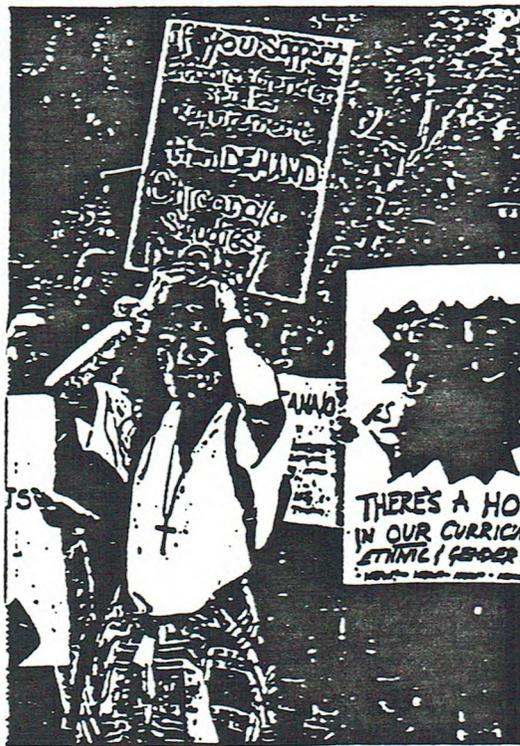
continue to the next necessary step without departments," says Luis Torres, an English- and Chicano-studies professor at the University of Southern Colorado who also heads the National Association of Chicano Studies. (About 17 percent of UCLA's 23,000 students are Chicano; many have not joined the campus demonstrations.)

UCLA administrators insist that a field like Chicano studies—touching on history, sociology, literature, feminism and other disciplines—is best left as an interdisciplinary program. That structure encourages the flow of ideas among Chicano-studies faculty and other specialists. Creating separate departments, says UCLA Provost Herbert Morris, encourages a "Balkanization" that the university wants to avoid. "We need the ethnic perspectives to pervade all the departments," says Morris, who does agree that the Chicano program needed improvement.

Chancellor Charles E. Young offered to take several important steps to bolster the Chicano-studies program. First, all ethnic- and gender-studies programs would be exempt from funding cuts for two

years—a critical gesture because the UC system is strapped for cash. Second, new faculty would be appointed jointly to Chicano studies and an existing department—history, say, or languages. Also, Young insists that this year's decision need not be the final one. He suggests that the idea of a full-fledged department can be re-examined in a few years. Seeking an end to the demonstrations last week, university officials offered even more funding and more faculty for the program. So far, the protesters have rejected his offers—as well as food. In a state where minorities now account for nearly half of the student body at some public universities—and sometimes more—the bitter conflict at UCLA will not be the last.

Cornie Leslie with Andrew Murr at UCLA



LESTER SLOAN/NEWSWEEK

A fight to the death: Protesters at UCLA

prove the existing program. Since then, the campus has reverted to '60s-style protests. Students—mostly Chicano—took over a faculty center, then trashed it. City police arrested 99 demonstrators. And now, on the lawn outside the administration building, nine demonstrators have taken a page from the Chavez manual, pledging to fast until a department is created—or they die.

Is this a cause worth dying for? "We are risking our lives to save lives," says hunger striker Jorge Mancillas, assistant professor of biology at UCLA's medical school. More academic attention, he thinks, will eventually pay off in a more prosperous, stronger Chicano community. But UCLA does not have separate departments for any special-interest group. Asians, blacks and women have all had to

PROOF OF SERVICE

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I am employed in the County of Los Angeles, State of California. I am over the age of eighteen (18) years and not a party to the within action. My business address is 6255 Sunset Boulevard, Suite 2000, Los Angeles, CA 90028.

On April 4, 1994 I served the foregoing document described as VERIFIED SECOND AMENDED COMPLAINT FOR DAMAGES AND FOR PRELIMINARY AND PERMANENT INJUNCTIVE RELIEF FOR BREACH OF CONTRACT on interested parties in this action,

[] by placing the true copies thereof in sealed envelopes as stated on the attached mailing list;

[X] by placing [] the original [X] true copies thereof in sealed envelopes addressed as follows:

PAUL MORANTZ
P.O. Box 511
Pacific Palisades, CA 90272

FORD GREENE
HUB Law Offices
711 Sir Francis Drake Blvd.
San Anselmo, CA 94960-1949

[X] BY MAIL

[] *I deposited such envelope in the mail at Los Angeles, California. The envelope was mailed with postage thereon fully prepaid.

[X] As follows: I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with U.S. postal service on that same day with postage thereon fully prepaid at Los Angeles, California in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing an affidavit.

Executed on April 4, 1994 at Los Angeles, California.

[] **** (BY PERSONAL SERVICE)** I delivered such envelopes by hand to the offices of the addressees.

Executed on _____, at Los Angeles, California.

[X] (State) I declare under penalty of the laws of the State of California that the above is true and correct.

[] (Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Gaabriel Becket
Print or Type Name

Gaabriel Becket
Signature

* (By Mail, signature must be of person depositing envelope in mail slot, box or bag)

** (For personal service signature must be that of messenger)



FILED

JUL 23 1993

HOWARD HANSON
MARIN COUNTY CLERK
BY C HARDING DEPUTY

1 Andrew H. Wilson
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3 235 Montgomery Street
4 Suite 450
5 San Francisco, California 94104
6 (415) 391-3900

7 Laurie J. Bartilson
8 BOWLES & MOXON
9 6255 Sunset Boulevard, Suite 2000
10 Hollywood, CA 90028
11 (213) 953-3360

12 Attorneys for Plaintiff
13 CHURCH OF SCIENTOLOGY
14 INTERNATIONAL

15 SUPERIOR COURT OF THE STATE OF CALIFORNIA

16 FOR THE COUNTY OF MARIN

17 CHURCH OF SCIENTOLOGY)
18 INTERNATIONAL, a California not-)
19 for-profit religious corporation,)

20 Plaintiff,

21 vs.

22 GERALD ARMSTRONG; MICHAEL WALTON;)
23 THE GERALD ARMSTRONG CORPORATION,)
24 a California for-profit)
25 corporation; DOES 1 through 100,)
26 inclusive,)

27 Defendants.

28) CASE NO. 1 1986
29) VERIFIED COMPLAINT TO SET
30) ASIDE FRAUDULENT TRANSFERS
31) AND FOR DAMAGES; CONSPIRACY
32) [C.C. §§ 3302,
33) 3439.07(a)(1),(3)]
34)
35) DATE:
36) TIME:
37) DEPT:
38)
39) DISCOVERY CUT-OFF: None
40) MOTION CUT-OFF: None
41) TRIAL DATE: None

42 Plaintiff, by its attorneys, Wilson, Ryan & Campilongo and
43 Bowles & Moxon, for its Complaint, alleges:

44 NATURE OF THE ACTION

45 1. In December, 1986, plaintiff and defendant Gerald
46 Armstrong ("Armstrong") entered into a settlement agreement ("the
47 Agreement"). The Agreement provided for a mutual release and
48

1 waiver of all claims arising out of a cross-complaint which
2 defendant Armstrong had filed in the case of Church of
3 Scientology of California v. Gerald Armstrong, Los Angeles
4 Superior Court No. C 420153. Armstrong, a former Church member
5 who sought, by both litigation and covert means, to disrupt the
6 activities of his former faith, displayed through the years an
7 intense and abiding hatred for the Church, and an eagerness to
8 annoy and harass his former co-religionists by spreading enmity
9 and hatred among members and former members. Plaintiff sought,
10 with the Agreement, to end all of Armstrong's covert activities
11 against it, along with the litigation itself. For that reason,
12 the Agreement contained carefully negotiated and agreed-upon
13 confidentiality provisions and provisions prohibiting Armstrong
14 from fomenting litigation against plaintiff by third parties.
15 These provisions were bargained for by plaintiff to put an end to
16 the enmity and strife generated by Mr. Armstrong once and for
17 all. The Agreement also provided, inter alia, for liquidated
18 damages to be paid by Armstrong should he choose to breach these
19 provisions.

20 2. In or about February, 1990, Armstrong began to take a
21 series of actions which directly violated provisions of the
22 Agreement. Fearing that plaintiff would seek to collect the
23 liquidated damages owed by his breaches, Armstrong, as set forth
24 below, fraudulently conveyed all of his property, including real
25 property located in Marin County, cash, and personal property to
26 defendants Michael Walton, the Gerald Armstrong Corporation, and
27 Does 1-100, receiving no consideration in return. Thereafter,
28 Armstrong deliberately set out to repeatedly breach the

1 Agreement, incurring a debt which at present totals at least
2 \$1,800,000, and which he has and had no assets to use to satisfy
3 the debt.

4 3. Armstrong's breaches and resulting indebtedness are
5 presently the subject of two actions pending in Los Angeles
6 Superior Court, Church of Scientology International v. Armstrong,
7 LASC No. BC 052395 ("the First Action"), demanding liquidated
8 damages of \$600,000.00 for breaches occurring between July, 1991
9 and May, 1992, and Church of Scientology International v.
10 Armstrong, LASC No. BC 084642 ("the Second Action"), demanding
11 liquidated damages of \$1,200,000.00, for breaches occurring
12 between August, 1991 and June, 1993.

13 THE PARTIES

14 4. Plaintiff Church of Scientology International is a non-
15 profit religious corporation incorporated under the laws of the
16 State of California, having its principal offices in Los Angeles,
17 California. Plaintiff CSI is the Mother Church of the
18 Scientology religion.

19 5. Defendant Gerald Armstrong is a resident of Marin
20 County, California.

21 6. Defendant Michael Walton is a resident of Marin County,
22 California.

23 7. Defendant Gerald Armstrong Corporation ("GAC") is a
24 corporation incorporated under the laws of the State of Calif-
25 ornia, having its principal offices in San Anselmo, California.

26 8. Plaintiff is ignorant of the names and capacities of
27 the defendants identified as DOES 1 through 25, inclusive, and
28 thus brings suit against those defendants by their true names

1 upon the ascertainment of their true names and capacities, and
2 their responsibility for the conduct alleged herein.

3 DEFENDANT GAC IS THE ALTER EGO OF

4 DEFENDANT ARMSTRONG

5 9. Defendant Armstrong is GAC's president and sole
6 officer, its principal shareholder and sole employee, and has
7 been since the incorporation of GAC in 1987. Further, defendant
8 Armstrong has the sole and exclusive right to control the
9 corporation's bank account and its disbursement of funds.

10 10. Defendant GAC is, and at all times since its
11 incorporation was, the alter ego of defendant Armstrong. There
12 exists, and at all times since GAC's incorporation has existed, a
13 unity of interest and ownership between these two defendants such
14 that any separateness between them has ceased to exist:
15 Defendant Armstrong caused his own personal assets to be
16 transferred to GAC without adequate consideration in order to
17 evade payment of his lawful obligations, and defendant Armstrong
18 has completely controlled, dominated, managed and operated GAC
19 since its incorporation for his own personal benefit.

20 11. Defendant GAC is, and at all times mentioned was, a
21 mere shell, instrumentality and conduit through which defendant
22 Armstrong carried on his activities in the corporate name exactly
23 as he conducted them previous to GAC's incorporation. Armstrong
24 exercised and exercises such complete control and dominance of
25 such activities that any individuality or separateness of
26 defendant GAC and defendant Armstrong does not, and at all
27 relevant times did not, exist.

28 12. Adherence to the fiction of the separate existence of

1 defendant GAC as an entity distinct from defendant Armstrong
2 would permit an abuse of the corporate privilege and would
3 sanction fraud, in that Armstrong transferred his material assets
4 to GAC in 1988, at the time of his embarkation on the campaign of
5 harassment described herein, and with the intention of preventing
6 plaintiff from obtaining monetary relief from Armstrong pursuant
7 to the liquidated damages clause. Hence, GAC exists solely so
8 that Armstrong may be "judgment proof."

9 THE CONTRACT

10 13. On or about December 6, 1986, CSI and Armstrong entered
11 into a written confidential settlement Agreement, a true and
12 correct copy of which is attached hereto as Exhibit A, and
13 incorporated by reference.

14 14. The Agreement was entered into by plaintiff and
15 defendant Armstrong, with the participation of their respective
16 counsel after full negotiation. Each provision of the Agreement
17 was carefully framed by the parties and their counsel to
18 accurately reflect the agreement of the parties.

19 15. Plaintiff specifically negotiated for and obtained from
20 Armstrong the provisions in the Agreement delineated in
21 paragraphs 7(D), 7(H), 7(G), 10 and paragraphs 12 through 18.
22 Plaintiff took this step because it was well aware, through
23 investigation, that Armstrong had undertaken a series of covert
24 activities, apart from the litigation, which were intended by
25 Armstrong to discredit Church leaders, spark government raids
26 into the Churches, create phony "evidence" of wrongdoing against
27 the Churches, and, ultimately, destroy the Churches and their
28 leadership.

1 16. Paragraph 7(D) of the Agreement provided, in substance,
2 that Armstrong: (1) would not create or publish, or assist
3 another in creating or publishing, any media publication or
4 broadcast, concerning information about plaintiff, L. Ron Hubbard
5 or any other persons or entities released by the Agreement; (2)
6 would maintain "strict confidentiality and silence" with respect
7 to his alleged experiences with plaintiff or any knowledge he
8 might have concerning plaintiff, L. Ron Hubbard, or other
9 Scientology-related entities and individuals; (3) would not
10 disclose any documents which related to plaintiff or other
11 identified entities and individuals; and (4) would pay to
12 plaintiff \$50,000 in liquidated damages for each disclosure or
13 other breach of that paragraph.

14 17. Contemporaneously with the signing of the Agreement,
15 Armstrong represented that he understood the Agreement's
16 provisions and was acting of his own free will and not under
17 duress.

18 18. The Agreement also provided that plaintiff CSI would
19 pay to Armstrong's attorney, Michael Flynn, a lump sum amount
20 intended to settle not just Armstrong's case, but the cases of
21 other clients of Mr. Flynn as well, and that Mr. Flynn would pay
22 to Armstrong a portion of that settlement amount. The exact
23 amount of the portion to be paid to Armstrong by Mr. Flynn was
24 maintained as confidential between Mr. Flynn and Armstrong.

25 19. CSI paid to Mr. Flynn the lump sum settlement amount.

26 20. Mr. Flynn paid to Armstrong his confidential portion of
27 the lump sum settlement amount, which was at least \$520,000,
28 after expenses.

1 21. The consideration paid to Armstrong was fair,
2 reasonable and adequate. Plaintiff CSI has performed all of its
3 obligations pursuant to the Agreement.

4 **BREACHES OF THE AGREEMENT**

5 22. Beginning in February, 1990, and continuing unabated
6 until the present, Armstrong has breached the Agreement wilfully
7 and repeatedly, including, inter alia, the provisions of
8 Paragraph 7(D) of the Agreement which require Armstrong to pay
9 plaintiff liquidated damages for each such breach.

10 23. In addition to the breaches of the Agreement which
11 invoke the liquidated damages clause, Armstrong has committed
12 additional violations of provisions of the Agreement which
13 entitle plaintiff to compensatory damages according to proof.

14 24. Despite demand by plaintiff, Armstrong has refused to
15 pay any damages, liquidated or compensatory, for the deliberate
16 breaches of the Agreement described herein.

17 25. The breaches described herein are presently the subject
18 of litigation in the First Action and the Second Action, and have
19 not yet been reduced to judgment.

20 **FIRST CAUSE OF ACTION**

21 **TO SET ASIDE FRAUDULENT TRANSFER OF REAL PROPERTY**

22 (Against Defendants Gerald Armstrong and Michael Walton)

23 26. Plaintiff realleges paragraphs 1 - 25, inclusive, and
24 incorporates them herein by reference.

25 27. On or about August 24, 1990, defendant Gerald Armstrong
26 was an owner and in possession and control of that real property
27 situated in Marin County known as 707 Fawn Drive, San Anselmo,
28 California, and more particularly described as follows:

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PARCEL ONE

PARCEL TWO as shown upon that certain Parcel Map entitled, "Parcel Map Lands of California Land Title Portion Lands described in book 2887 of Official Records, at page 367, also being Portion of Lots 501 and 501-A unrecorded Map of Sleepy Hollow Acres, Vicinity of San Anselmo, Marin County, California, filed for record April 8, 1976 in Volume 12 of Parcel Maps, at page 43, Marin County Records.

EXCEPTING THEREFROM that portion deeded to Alain Pigois and Nina Pigois, husband and wife, as community property, by Deed recorded February 27, 1989, Serial No. 89 13373.

PARCEL TWO

AN EASEMENT for ingress, egress and public utility purposes described as follows:

BEGINNING at a point on the centerline of Fawn Drive, said point being the most southwesterly corner of Parcel 3, as shown upon that certain map entitled, "Parcel Map Lands of California Land Title Portion Lands described in Book 2887 of Official Records, at page 367, also being a portion of Lots 501 and 501-A, unrecorded Map of Sleepy Hollow Acres, Vicinity of San Anselmo, Marin County, California", filed for record April 9, 1976 in Volume 12 of Parcel Maps, at page 43, Marin County Records, said point also being the intersection of the calls "South 26° 20' East 135 feet and North 63° 40' East 20 feet" as contained in Parcel 2 of the Deed executed by California Land Title Company, a corporation to Michael C. McGuckin, et ux, recorded March 26, 1976 in Book 3010 of Official Records, at page 190, Marin County Records; thence from said point of beginning and along the exterior boundary of said Parcel 3, North 63° 40' East 20 feet; thence North 75° 07' 20" East 164.00 feet; thence leaving said exterior boundary of Parcel 3, North 12° 41' East 85.00 feet; thence North 30° 45' West 126.00 feet, thence North 13° 30' East 79.21 feet to the northwesterly boundary of Parcel 1, as shown upon that certain map referred to hereinabove; thence along the exterior boundary of said Parcel 1, South 84° 00' west 75.70 feet to the most Northerly corner of the parcel of land described in the Deed executed by Charles B. Roertson, et ux, to Paul Hopkins Talbot, Jr., et ux, recorded January 30, 1956 in book 1002 of Official Records, at page 623, Marin County Records; thence 111.77 feet, thence leaving said exterior boundary of Parcel 1, South 18° 45' East 95.06 feet thence South 21° 48' West 70.66 feet; thence South 75° 07' 20" West 160.00 feet to the certline of Fawn Drive; thence along the

1 exterior boundary of said Parcel 3, also being the
2 centerline of "Fawn Drive, South 26° 20' East 34.46
3 feet to the point of beginning.

4 28. On or about August 24, 1990, defendants Gerald
5 Armstrong and Michael Walton transferred by grant deed the above-
6 described property to defendant Michael Walton. On August 27,
7 1990, the grant deed was recorded in Marin County Official
8 Records as number 90 50497 in the Office of the County Recorder
9 of Marin County, California.

10 29. Plaintiff is further informed and believes and thereon
11 alleges that the transfer was made with an actual intent to
12 hinder, delay or defraud plaintiff in the collection of its
13 damages.

14 30. Further, plaintiff is informed, and believes, and
15 thereon alleges that at the time Armstrong made the transfers, he
16 intended in the future to engage in the conduct in breach of his
17 Agreement with plaintiff, described above, knowing that he would
18 thereby incur the damages described herein and for which he would
19 have rendered himself judgment-proof.

20 31. Defendant Armstrong received no money or other
21 consideration in exchange for the aforementioned transfer.
22 Plaintiff is informed and believes and thereon alleges that at
23 the time of the transfer of the real property defendant
24 Armstrong's interest in the real property was not less than
25 \$397,500.00. Thus, defendant Armstrong did not receive
26 reasonably equivalent value in exchange for his interest in the
27 real property.

28 32. Plaintiff is informed and believes and thereon alleges
that defendant Walton received the above-described real property

1 with knowledge that defendant Armstrong intended to (1) hinder,
2 delay or defraud the collection of plaintiff's aforementioned
3 damages and (2) further breach his Agreement with plaintiff,
4 thereby incurring substantial damages which it would be
5 impossible for Armstrong to pay. Defendant Walton had previously
6 advised Armstrong concerning the Agreement and was familiar with
7 its terms and conditions; further, Armstrong had informed
8 defendant Walton of his vendetta against plaintiff and all
9 Churches of Scientology, and of his intentions to breach the
10 Agreement. Moreover, Walton was well aware of the fraudulent
11 nature of the transfer, for which he received no money or other
12 consideration.

13 SECOND CAUSE OF ACTION

14 TO SET ASIDE FRAUDULENT TRANSFER OF ASSETS

15 (Against All Defendants)

16 33. Plaintiff realleges paragraphs 1-25, inclusive, and
17 incorporates them herein by reference.

18 34. On or about August, 1990, defendant Gerald Armstrong
19 was the owner and in possession and control of approximately
20 \$41,500 in cash, and shares of stock in The Gerald Armstrong
21 Corporation which were valued by Armstrong at \$1,000,000.

22 35. On or about August, 1990, Armstrong transferred the
23 \$41,500 in cash and the shares of stock in The Gerald Armstrong
24 Corporation to defendants Walton and Does 1 - 100.

25 36. Plaintiff is further informed and believes and thereon
26 alleges that the transfer was made with an actual intent to
27 hinder, delay or defraud plaintiff in the collection of its
28 damages.

1 37. Further, plaintiff is informed, and believes and
2 thereon alleges that at the time Armstrong made the transfers, he
3 intended in the future to engage in the conduct in breach of his
4 Agreement with plaintiff, described above, knowing that he would
5 thereby incur the damages described herein, and for which he
6 would have rendered himself and his corporation judgment-proof.

7 38. Defendant Armstrong received no money or other
8 consideration in exchange for the aforementioned transfer.
9 Plaintiff is informed and believes and thereon alleges that at
10 the time of the transfer of the cash and stock, defendant
11 Armstrong's interest in the cash and stock was not less than
12 \$1,041,500. Thus, defendant Armstrong did not receive reasonably
13 equivalent value in exchange for his interest in the transferred
14 assets.

15 39. Plaintiff is informed and believes and thereon alleges
16 that defendants Walton and Does 1 -100 received the above-
17 described real property with knowledge that defendant Armstrong
18 intended to (1) hinder, delay or defraud the collection of
19 plaintiff's aforementioned damages; and (2) further breach his
20 Agreement with plaintiff, thereby incurring substantial damages
21 which it would be impossible for Armstrong or his corporation to
22 pay. Defendant Walton had previously advised Armstrong
23 concerning the Agreement and was familiar with its terms and
24 conditions; further, Armstrong had informed defendant Walton and
25 Does 1-100 of his vendetta against plaintiff and all Churches of
26 Scientology, and of his intentions to breach the Agreement.
27 Moreover, Walton and Does 1-100 were well aware of the fraudulent
28 nature of the transfer, for which they received no money or other

1 consideration.

2 THIRD CAUSE OF ACTION

3 CONSPIRACY

4 (Against All Defendants)

5 40. Plaintiff realleges paragraphs 1-32 and 34-39,
6 inclusive, and incorporates them herein by reference.

7 41. As alleged above, in August, 1990, defendants
8 Armstrong, Walton, and Does 1 - 100 agreed, and knowingly and
9 willfully conspired between themselves to hinder, delay and
10 defraud plaintiff in the collection of its damages, and to render
11 Armstrong unable to pay any and all damages to plaintiff which
12 Armstrong had incurred and intended to and did incur in violation
13 of the Agreement.

14 42. Pursuant to this conspiracy, the above-named defendants
15 agreed that Walton and Does 1 - 100 would take ownership and/or
16 possession of all of defendant Armstrong's assets of any value,
17 including the above-described real property, cash and stock and
18 everything remaining from the proceeds of the settlement which
19 Armstrong had accepted from plaintiff pursuant to the Agreement.
20 Further, the defendants conspired and agreed to hide any and all
21 future assets acquired by Armstrong in the sham corporation, The
22 Gerald Armstrong Corporation, in order to protect Armstrong's
23 assets from collection so long as he was breaching the Agreement,
24 and plaintiff was attempting to collect damages for those
25 breaches. Plaintiff is unaware of the present value of those
26 assets which have been so hidden, but is informed and believes
27 and thereon alleges that their value exceeds \$1,800,000, the
28 minimum value of plaintiff's claim.

1 43. Defendants Armstrong, Walton, The Gerald Armstrong
2 Corporation and Does 1 - 100 did the acts and things herein
3 alleged pursuant to, and in furtherance of, the conspiracy and
4 agreement alleged above.

5 44. As a proximate result of the wrongful acts herein
6 alleged, plaintiff has been generally damaged in the sum of
7 \$1,800,000.

8 45. At all times mentioned herein, defendants Walton,
9 Armstrong, The Gerald Armstrong Corporation and Does 1-100 knew
10 of defendant Armstrong's actions and intended actions against
11 plaintiff, knew of Armstrong's resultant obligation to
12 plaintiff, and knew that plaintiff's claims could only be
13 satisfied out of the property, sums and stock transferred by
14 Armstrong. Notwithstanding this knowledge, defendants Walton,
15 Armstrong, The Gerald Armstrong Corporation and Does 1-100
16 intentionally, willfully, fraudulently and maliciously did the
17 things herein alleged to defraud and oppress plaintiff.
18 Plaintiff is therefore entitled to exemplary or punitive damages
19 in the sum of \$3,000,000 against all defendants, individually and
20 severally.

21 WHEREFORE, plaintiff prays for judgment as follows:

22 ON THE FIRST CAUSE OF ACTION

23 1. That the transfer of the real property from defendant
24 Armstrong to defendant Walton be set aside and declared void as
25 to the plaintiff herein to the extent necessary to satisfy
26 plaintiff's claim in the sum of \$1,800,000 plus interest thereon
27 at the maximum rate permitted by law from 1990;

28 2. That defendant Walton be restrained from disposing of

1 the property transferred;

2 3. That a temporary restraining order be granted plaintiff
3 enjoining and restraining defendant Walton, and his
4 representatives, agents, and attorneys from selling,
5 transferring, conveying, or otherwise disposing of any of the
6 property transferred;

7 4. That the judgment herein be declared a lien on the
8 property transferred;

9 5. That an order be made declaring that defendant Walton
10 holds all of the real property described above in trust for
11 plaintiff.

12 6. That defendant Walton be required to account to
13 plaintiff for all profits and proceeds earned from or taken in
14 exchange for the property described above.

15 ON THE SECOND CAUSE OF ACTION

16 1. That the transfer of assets from defendant Armstrong to
17 defendants Walton and Does 1 - 100 be set aside and declared void
18 as to the plaintiff herein to the extent necessary to satisfy
19 plaintiff's claim in the sum of \$1,800,000 plus interest thereon
20 at the maximum rate permitted by law from 1990;

21 2. That defendants Walton, The Gerald Armstrong
22 Corporation and Does 1 - 100 be restrained from disposing of the
23 property transferred;

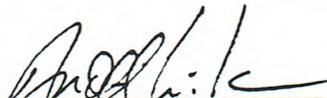
24 3. That a temporary restraining order be granted plaintiff
25 enjoining and restraining defendants Walton, The Gerald Armstrong
26 Corporation and Does 1 - 100, and their representatives, agents,
27 and attorneys from selling, transferring, conveying, or otherwise
28 disposing of any of the property transferred;

1 VERIFICATION

2 I, ANDREW H. WILSON, declare as follows:

3 I am one of the attorneys for the Plaintiff Church of
4 Scientology International in the above-entitled matter. I have
5 read the foregoing Verified Complaint to Set Aside Fraudulent
6 Transfers and for Damages; Conspiracy and know the contents
7 thereof, which are true of my own knowledge except as to those
8 matters which are stated on information and belief, and as to
9 those matters, I believe it to be true.

10 I declare under the penalty of perjury pursuant to the laws
11 of the State of California that the foregoing is true and
12 correct. Executed on July 21, 1993 at San Francisco,
13 California.

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15 _____
16 ANDREW H. WILSON
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LAW & MOTION, CIVIL CALENDAR

RULINGS

TIME: 9:00

DATE: 1/27/95

DEPT: 1

JUDGE: GARY W. THOMAS

REPORTER: E. PASSARIS

CLERK: J. BENASSINI

CASE NO: 157680

TITLE OF ACTION: CHURCH OF SCIENTOLOGY V. GERALD ARMSTRONG

THE MOTION OF PLAINTIFF FOR SUMMARY ADJUDICATION OF ISSUES IS GRANTED AS TO THE FOURTH AND SIXTH CAUSES OF ACTION AND DENIED AS TO THE ELEVENTH CAUSE OF ACTION.

AS TO ALL CAUSES OF ACTION, DEFENDANT FAILS TO RAISE A TRIABLE ISSUE AS TO WHETHER THE LIQUIDATED DAMAGES PROVISION IS INVALID. DEFENDANT RELIES ON THE LAW AS IT EXISTED PRIOR TO JULY 1, 1978. (SEE UNITED SAV. & LOAN ASSN. V. REEDER DEV. CORP. (1976) 57 CAL.APP.3D 282 AND EARLIER VERSIONS OF CIV. CODE, §§ 1670 AND 1671.) THE LAW NOW PRESUMES THAT LIQUIDATED DAMAGES PROVISIONS ARE "VALID UNLESS THE PARTY SEEKING TO INVALIDATE THE PROVISION ESTABLISHES THAT THE PROVISION WAS UNREASONABLE UNDER THE CIRCUMSTANCES EXISTING AT THE TIME THE CONTRACT WAS MADE." (CIV. CODE, § 1671, SUBD. (b).) DEFENDANT'S EVIDENCE IS NOT SUFFICIENT TO RAISE A TRIABLE ISSUE IN THAT REGARD. ALTHOUGH DEFENDANT STATES IN HIS DECLARATION THAT HE WAS NOT INVOLVED IN NEGOTIATING THE PROVISION (SEE D'S EX. 1, ¶12), HE GOES ON TO STATE THAT HE DISCUSSED THE PROVISION WITH TWO ATTORNEYS BEFORE SIGNING THE AGREEMENT. (ID., ¶¶12-13.) THUS, HE CLEARLY KNEW OF THE PROVISION YET CHOSE TO SIGN IT. HE HAS NOT SHOWN THAT HE HAD UNEQUAL BARGAINING POWER OR THAT HE MADE ANY EFFORTS TO BARGAIN OR NEGOTIATE WITH RESPECT TO THE PROVISION. (SEE H. S. PERLIN CO. V. MORSE SIGNAL DEVICES (1989) 209 CAL.APP.3D 1289.) DEFENDANT NEXT STATES THAT PLAINTIFF'S ACTUAL DAMAGES ARE ZERO. (D'S EX. 1, ¶12.) HOWEVER, "THE AMOUNT OF DAMAGES ACTUALLY SUFFERED HAS NO BEARING ON THE VALIDITY OF THE LIQUIDATED DAMAGES PROVISION..." (SEE LAW REVISION COMMISSION COMMENT TO § 1671.) FINALLY, DEFENDANT POINTS TO THE FACT THAT OTHER SETTLEMENT AGREEMENTS CONTAIN A \$10,000 LIQUIDATED DAMAGES PROVISION. (SEE D'S EXS. 2C AND 2D.) THIS ALONE IS NOT SUFFICIENT TO RAISE A TRIABLE ISSUE IN THAT DEFENDANT HAS NOT SHOWN THAT CIRCUMSTANCES DID NOT CHANGE BETWEEN 12/86 AND 4/87 AND THAT THOSE SETTLING PARTIES STAND IN THE SAME OR SIMILAR POSITION TO DEFENDANT (I.E., THAT THEY WERE AS HIGH UP IN THE ORGANIZATION AND COULD CAUSE AS MUCH DAMAGE BY SPEAKING OUT AGAINST PLAINTIFF OR THAT THEY HAVE/HAD ACCESS TO AS MUCH INFORMATION AS DEFENDANT).

SUPERIOR COURT, MARIN COUNTY, CALIFORNIA
LAW & MOTION, CIVIL CALENDAR
RULINGS

PAGE: 4-A

TIME: 9:00

DATE: 1/27/95

DEPT: 1

JUDGE: GARY W. THOMAS

REPORTER: E. PASSARIS

CLERK: J. BENASSINI

CASE NO: 157680

TITLE OF ACTION: CHURCH OF SCIENTOLOGY V. GERALD ARMSTRONG

DEFENDANT ALSO HAS NOT RAISED A TRIABLE ISSUE REGARDING DURESS. DEFENDANT'S OWN DECLARATION SHOWS HE DID NOT EXECUTE THE AGREEMENT UNDER DURESS IN THAT IT SHOWS THAT HE CAREFULLY WEIGHED HIS OPTIONS. (SEE D'S EX. 1, ¶10.) IT CERTAINLY DOES NOT SHOW THAT HE DID SOMETHING AGAINST HIS WILL OR HAD "NO REASONABLE ALTERNATIVE TO SUCCUMBING." (SEE *IN RE MARRIAGE OF BALTINS* (1989) 212 CAL.APP.3D 66, 84.) IN ADDITION, DEFENDANT IS RELYING ON THE CONDUCT OF A THIRD PARTY (FLYNN) TO ESTABLISH DURESS, YET HE SETS FORTH NO FACT OR EVIDENCE IN HIS SEPARATE STATEMENT SHOWING THAT PLAINTIFF HAD REASON TO KNOW OF THE DURESS. (SEE *LEEPER V. BELTRAMI* (1959) 53 CAL.2D 195, 206.)

AS TO THE FOURTH CAUSE OF ACTION, CONTRARY TO DEFENDANT'S ARGUMENT, THE SUBJECT DECLARATION DOES MORE THAN MERELY AUTHENTICATE DOCUMENTS. (SEE P'S EX. 1(A)(11), ¶¶1-3.) THE COURT FINDS THAT THE DECLARATION CONSTITUTES A DISCLOSURE OF DEFENDANT'S "EXPERIENCES WITH" PLAINTIFF OR "KNOWLEDGE OR INFORMATION" CONCERNING PLAINTIFF AND HUBBARD. (SEE P'S EX. 1B, ¶7D.) DEFENDANT FAILS TO RAISE A TRIABLE ISSUE REGARDING OBSTRUCTION OF JUSTICE/ SUPPRESSION OF EVIDENCE. THE SETTLEMENT AGREEMENT EXPRESSLY DOES NOT PROHIBIT DEFENDANT FROM DISCLOSING INFORMATION PURSUANT TO SUBPOENA OR OTHER LEGAL PROCESS. (SEE P'S EX. 1B, ¶7H; CONTRAST WITH PEN. CODE, §§ 136.1 AND 138, *WILLIAMSON V. SUPERIOR COURT* (1978) 21 CAL.3D 829, *PEOPLE V. PIC'L* (1982) 31 CAL.3D 731.) NOR IS PLAINTIFF IN THIS CAUSE OF ACTION SEEKING TO PROHIBIT DISCLOSURE TO GOVERNMENT AGENCIES CONDUCTING INVESTIGATIONS PURSUANT TO STATUTORY OBLIGATIONS. (CONTRAST WITH *MARY R. V. B. & R. CORP.* (1983) 149 CAL.APP.3D 308 AND *ALLEN V. JORDANOS' INC.* (1975) 52 CAL.APP.3D 160.) EVEN IF A PORTION OF THE AGREEMENT COULD BE CONSTRUED TO SO PROHIBIT (SEE, E.G., ¶10), PLAINTIFF IS NOT RELYING ON THAT SECTION. NOR HAS DEFENDANT SHOWN THAT THE PROVISION IS SO SUBSTANTIAL AS TO RENDER THE ENTIRE CONTRACT ILLEGAL. (CONTRAST WITH *ALLEN*, SUPRA, 52 CAL.APP.3D AT 166.

SUPERIOR COURT, MARIN COUNTY, CALIFORNIA
LAW & MOTION, CIVIL CALENDAR
RULINGS

PAGE: 4-A

TIME: 9:00

DATE: 1/27/95

DEPT: 1

JUDGE: GARY W. THOMAS

REPORTER: E. PASSARIS

CLERK: J. BENASSINI

CASE NO: 157680

TITLE OF ACTION: CHURCH OF SCIENTOLOGY V. GERALD ARMSTRONG

AS TO THE SIXTH CAUSE OF ACTION, DEFENDANT FAILS TO RAISE A TRIABLE ISSUE REGARDING THE CNN INTERVIEW. DEFENDANT ADMITTED IN HIS DEPOSITION THAT HIS CONVERSATION WITH CNN INVOLVED KNOWLEDGE HE HAD GAINED BECAUSE OF HIS YEARS OF EXPERIENCE WITH THE ORGANIZATION (P'S EX. 1A AT 344:1-4), THUS REFUTING HIS ARGUMENTS THAT HIS STATEMENT WAS BASED ON KNOWLEDGE ACQUIRED AFTER THE SETTLEMENT AGREEMENT AND THAT HIS INTERVIEW WAS DIRECTLY RELATED TO THE INSTANT LITIGATION. IN ADDITION, PLAINTIFF SET FORTH NO FACTS OR EVIDENCE IN HIS SEPARATE STATEMENT SHOWING THAT HE COULD DISCLOSE INFORMATION ACQUIRED AFTER EXECUTION OF THE SETTLEMENT AGREEMENT OR THAT HE COULD MAKE SUCH STATEMENTS IN THE CONTEXT OF FUTURE LITIGATION. FINALLY, THERE IS NOTHING IN THE STATEMENT WHICH TIES IT TO EITHER OF THE ARGUMENTS RAISED BY DEFENDANT. DEFENDANT ALSO FAILS TO RAISE A TRIABLE ISSUE REGARDING THE AMERICAN LAWYER INTERVIEW. DEFENDANT'S CLAIM THAT HE ONLY DISCUSSED THE INSTANT LITIGATION IS REFUTED BY HIS OWN ADMISSION THAT HE DISCUSSED "THE PLIGHT OF THE ORGANIZATION [AND] WHAT IT WOULD TAKE TO END ITS LEGAL TROUBLES." (D'S EX. 1D AT 352:15-19.) DEFENDANT'S CLAIM THAT HIS DISCUSSION INVOLVED "NOTHING MORE THAN WHAT JUDGE BRECKENRIDGE STATED IN HIS DECISION IN ARMSTRONG I" IS REFUTED BY HIS ADMISSION THAT HE DID NOT RECALL DISCUSSING THE BRECKENRIDGE OPINION WITH THE REPORTER. (D'S EX. 1D AT 358:20-23.) FURTHER, DEFENDANT POINTS TO NOTHING IN JUDGE BRECKENRIDGE'S OPINION WHICH COINCIDES TO THOSE MATTERS DISCUSSED BY DEFENDANT.

AS TO THE ELEVENTH CAUSE OF ACTION, PLAINTIFF HAS NOT SHOWN THAT DEFENDANT VIOLATED PARAGRAPH 7D OF THE SETTLEMENT AGREEMENT. THE DECLARATION RELIED ON BY PLAINTIFF (P'S EX. 1(A)(8)) DOES NOT DISCLOSE DEFENDANTS "EXPERIENCES WITH THE CHURCH OF SCIENTOLOGY [OR] ANY KNOWLEDGE OR INFORMATION HE MAY HAVE CONCERNING THE CHURCH OF SCIENTOLOGY..."

SUPERIOR COURT, MARIN COUNTY, CALIFORNIA
LAW & MOTION, CIVIL CALENDAR
RULINGS

PAGE: 4-A

TIME: 9:00

DATE: 1/27/95

DEPT: 1

JUDGE: GARY W. THOMAS

REPORTER: E. PASSARIS

CLERK: J. BENASSINI

CASE NO: 157680

TITLE OF ACTION: CHURCH OF SCIENTOLOGY V. GERALD ARMSTRONG

TOTAL P. 04

DEFENDANT ARMSTRONG FILED A SUPPLEMENTAL DECLARATION AND EVIDENCE SIX DAYS LATE. THE COURT DID NOT PERMIT SAME. THE PLAINTIFF'S MOTION TO STRIKE THE SUPPLEMENTAL PAPERS FROM THE FILE IS GRANTED. PLAINTIFF'S REQUEST FOR SANCTIONS IS GRANTED. DEFENDANTS KNEW THE LATENESS OF THE FILING, SOME SIX DAYS, THERE WAS AMPLE TIME TO SEEK THE COURT'S PERMISSION FOR A LATE FILING. PERMISSION WAS NOT SOUGHT. SANCTIONS REQUESTED BY PLAINTIFF PURSUANT TO SECTION 437C(i) ARE GRANTED IN THE AMOUNT OF \$700, AS THE COURT FINDS THIS SIX-DAYS LATE FILING TO BE IN BAD FAITH.

4551031 P.04

MARIN COUNTY SUPERIOR COURT

JAN 20 1995 14:13

FILED

OCT 17 1995

HOWARD HANSON
MARIN COUNTY CLERK
by J. Steele, Deputy

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13 Telefax: (213) 953-3351

14 Attorneys for Plaintiff
15 CHURCH OF SCIENTOLOGY
16 INTERNATIONAL

17 SUPERIOR COURT OF THE STATE OF CALIFORNIA

18 FOR THE COUNTY OF MARIN

19 CHURCH OF SCIENTOLOGY)
20 INTERNATIONAL, a California not-)
21 for-profit religious corporation,)

22 Plaintiff,

23 vs.

24 GERALD ARMSTRONG; DOES 1 through)
25 25, inclusive,)

26 Defendants.)

) CASE NO. BC 157680

) [PROPOSED]

) ORDER OF SUMMARY JUDGMENT
) AS TO THE THIRTEENTH,
) SIXTEENTH, SEVENTEENTH, AND
) NINETEENTH CAUSES OF ACTION

) DATE: October 6, 1995

) TIME: 9:00 a.m.

) DEPT: 1

) TRIAL DATE: Vacated

27 This matter came on for hearing on October 6, 1995, on
28 motion of plaintiff Church of Scientology International ("the
Church") for Summary Adjudication of the Thirteenth, Sixteenth,
Seventeenth, and Nineteenth Causes of Action of the Second
Amended Complaint. Plaintiff Church of Scientology International

1 appeared by its attorneys, Andrew H. Wilson of Wilson, Ryan &
2 Campilongo and Laurie J. Bartilson of Bowles & Moxon, defendant
3 Armstrong appeared by his attorney, Ford Greene. Having read and
4 considered the moving and opposing papers, and the evidence and
5 arguments presented therein and at the hearing, and good cause
6 appearing:

7 IT IS ORDERED:

8 1. The Motion of Plaintiff for Summary Adjudication of
9 Issues as to the Thirteenth, Sixteenth, Seventeenth, and
10 Nineteenth Causes of Action of the Second Amended Complaint is
11 GRANTED in favor of Plaintiff, Church of Scientology
12 International, and against Defendant, Gerald Armstrong, in the
13 amount of \$200,000.

14 Plaintiff has met its burden of showing that defendant
15 breached the settlement agreement and that it is entitled to
16 liquidated damages of \$50,000 for each breach. Defendant has
17 failed to raise a triable issue as to any of the causes of
18 action, as follows:

19 INVALIDITY OF LIQUIDATED DAMAGES PROVISION: Defendant's
20 evidence regarding his attorneys' failure to represent his
21 interests (see Facts 43 and 68) is hearsay and/or not based on
22 personal knowledge. The opinion of defendant's attorney as to
23 the validity of the provision (see, e.g., Facts 52-54, 57-60) is
24 irrelevant and hearsay. The fact that two other clients signed a
25 settlement agreement containing the same liquidated damages
26 amount (see Facts 55-56 and 63-64) does not raise an inference
27 that the provision was unreasonable. Defendant's evidence is
28 insufficient to raise a reasonable inference of unequal

1 bargaining power (no personal knowledge shown that plaintiff, as
2 opposed to Flynn, positioned defendant as a "deal breaker";
3 Flynn's statements hearsay; no personal knowledge shown of
4 plaintiff's wealth; wealth alone does not raise inference of
5 unequal bargaining power since no showing defendant desperate for
6 money and had to accept on plaintiff's terms). Defendant's
7 evidence does not raise an inference that plaintiff's calculation
8 is "unfathomable" (Fourteenth Cause of Action seeks \$50,000 for
9 each of 18 letters; Nineteenth Cause of Action is based only on
10 declarations, not on other contacts between defendant and
11 attorney/other clients). Defendant fails to establish how he
12 knows plaintiff had not been injured by his statements at the
13 time of settlement.

14 DURESS: Flynn's statements to defendant are hearsay. (See,
15 e.g., D's Facts 1C and 1D.) Further, defendant has not shown
16 that plaintiff was aware of Flynn's purported duress of
17 defendant. (See *Leeper v. Beltrami* (1959) 53 Cal.2d 195, 206.)
18 Contrary to defendant's statement about duress, "careful weighing
19 of options" is completely inconsistent with an absence "of the
20 free exercise of his will power" or his having "no reasonable
21 alternative to succumbing." (See *Philippine Export & Foreign
22 Loan Guarantee Corp. v. Chuidian* (1990) 218 Cal.App.3D 1058,
23 1078; *In Re Marriage of Baltins* (1989) 212 Cal.App.3D 66, 84.)

24 FRAUD: Flynn's statements to defendant (see Fact 78) are
25 hearsay. The Court finds that the portions of the agreement
26 cited by defendant (see Facts 79 and 80) do not establish a
27 mutual confidentiality requirement. Paragraph 7(I) only
28 prohibits the parties from disclosing information in litigation

1 between the parties; paragraph 18(D) only prohibits disclosure of
2 the terms of the settlement; defendant has not shown that
3 plaintiff did either of those things. Further, "[s]omething more
4 than nonperformance is required to prove the defendant's
5 intention not to perform his promise." (*Tenzer v. Superscope,*
6 *Inc.* (1985) 39 Cal.3d 18, 30-31).

7 NO SPECIFIC PERFORMANCE, BREACH OF EXPRESS AND IMPLIED
8 COVENANT: Defendant relies on the purported mutuality
9 requirement, which he has failed to establish.

10 FIRST AMENDMENT: First Amendment rights may be waived by
11 contract. (See *ITT Telecom Products Corp. v. Dooley* (1989) 214
12 Cal.App.3D 307, 319.)

13 2. The plaintiff has asked that the exhibits which were
14 previously ordered sealed be stricken as they are trade secrets,
15 irrelevant to this motion. This request is GRANTED. They are
16 not relevant. Further, they were filed by Mr. Armstrong *in pro*
17 *per* when he is, in fact, represented by counsel.

18 Dated: October __, 1995

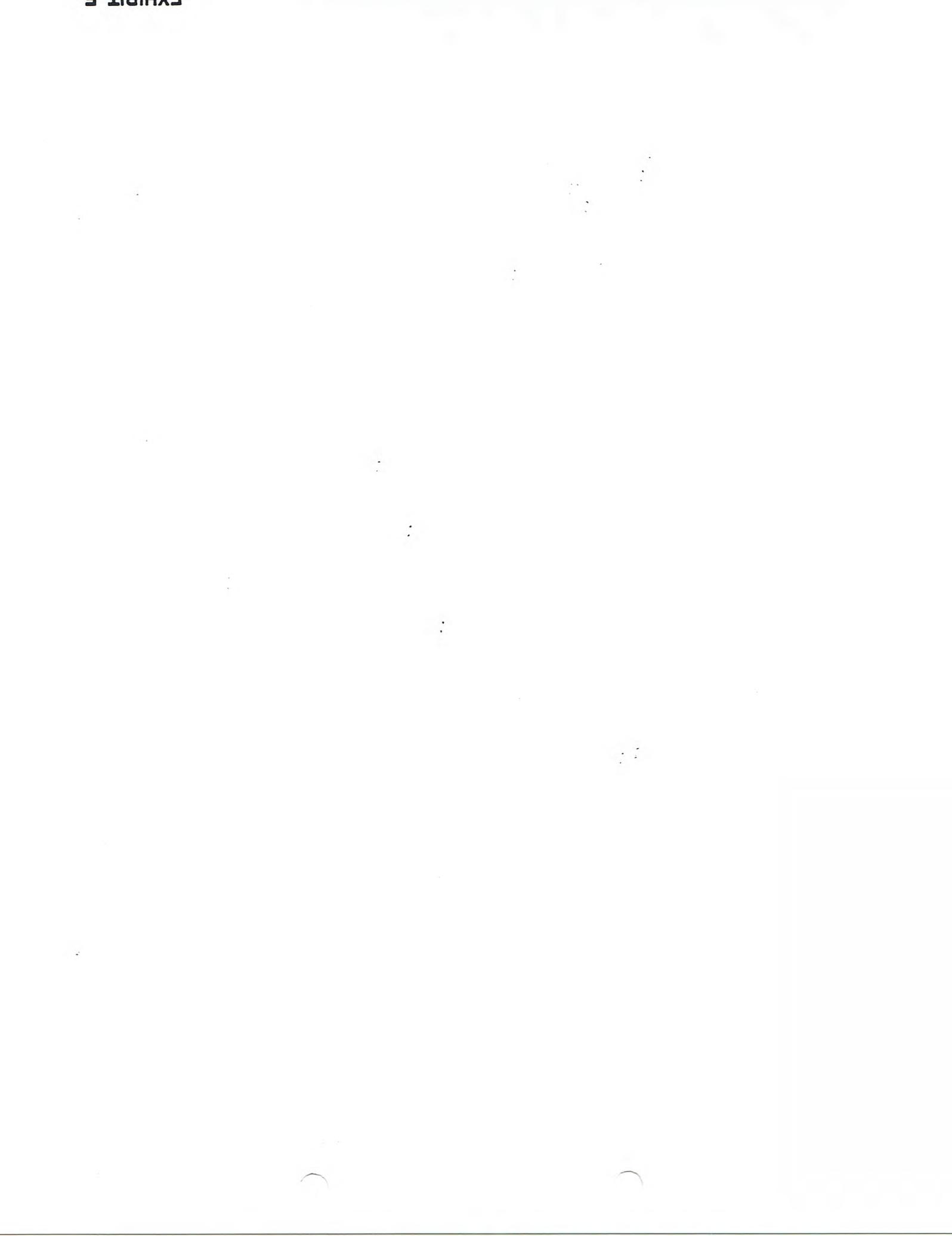
19 OCT 17 1995

20 GARY W. THOMAS

21 _____
22 GARY W. THOMAS
23 Judge of the Superior Court

24 Approved as to form:

25 _____
26 Ford Greene
27 Attorney for Defendants Gerald
28 Armstrong and the Gerald Armstrong
Corporation



FILED

OCT 17 1995

HOWARD HANSON
MARIN COUNTY CLERK
by J. Steele, Deputy

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14 Attorneys for Plaintiff
15 CHURCH OF SCIENTOLOGY
16 INTERNATIONAL

17 SUPERIOR COURT OF THE STATE OF CALIFORNIA
18 FOR THE COUNTY OF MARIN

19 CHURCH OF SCIENTOLOGY
20 INTERNATIONAL, a California not-for-profit
21 religious corporation,

22 Plaintiff,

23 vs.

24 GERALD ARMSTRONG; DOES 1 through
25 25, inclusive,

26 Defendants.

CASE NO. BC 157680

~~PROPOSED~~

GWT, 10/17/95

ORDER OF PERMANENT
INJUNCTION

DATE: October 6, 1995
TIME: 9:00 a.m.
DEPT: 1

TRIAL DATE: Vacated

27 This matter came on for hearing on October 6, 1995, on motion of plaintiff
28 Church of Scientology International ("the Church") for Summary Adjudication of
the Twentieth Cause of Action of the Second Amended Complaint. Plaintiff
Church of Scientology International appeared by its attorneys, Andrew H. Wilson
of Wilson, Ryan & Campilongo and Laurie J. Bartilson of Bowles & Moxon,

1 defendant Armstrong appeared by his attorney, Ford Greene. Having read and
2 considered the moving and opposing papers, and the evidence and arguments
3 presented therein and at the hearing, and good cause appearing:

4 **IT IS ORDERED:**

5 The Church's motion for summary adjudication of the twentieth cause of
6 action of the Second Amended Complaint is GRANTED. The Court finds that there
7 is no triable issue of material fact as to any of the following:

8 1. Plaintiff and defendant freely and voluntarily entered into a Mutual
9 Release of All Claims and Settlement Agreement ("Agreement") in December,
10 1986.

11 2. Plaintiff performed all of its obligations pursuant to the Agreement.

12 3. Defendant Armstrong received substantial consideration for the
13 promises which he made in the Agreement.

14 4. Since 1990, defendant Armstrong has repeatedly breached
15 paragraphs 7(D), 7(E), 7(H), 7(G), 10, 18(D) and 20 of the Agreement.

16 5. Between 1991 and the present, Armstrong breached paragraphs 7(G),
17 7(H) and 10 of the Agreement by providing voluntary assistance, exclusive of
18 testimony made pursuant to a valid subpoena, to the following private individuals,
19 each of whom was pressing a claim or engaged in litigation with plaintiff and/or
20 one or more of the designated beneficiaries of the Agreement:

21 * Vicki and Richard Aznaran, anti-Scientology litigants in the case of
22 Vicki Aznaran, et al. v. Church of Scientology International, United States
23 District Court for the Central District of California, Case No. CV 88-1786
24 (JMI) [Sep.St.Nos. 11-16];

25 * Joseph A. Yanny, anti-Scientology litigant in the case of Religious
26 Technology Center et al. v. Joseph Yanny, et al., Los Angeles Superior
27 Court No. C 690211 and Religious Technology Center et al. v. Joseph
28 Yanny, et al., Los Angeles Superior Court No. BC 033035 [Sep.St.Nos. 17-

1 20);

2 * Malcolm Nothling, anti-Scientology litigant in the matter between
3 Malcolm Nothling and the Church of Scientology in South Africa, Adi Codd,
4 Diane Kemp, Glen Rollins; Supreme Court of South Africa (Witwatzbrand
5 Local Division) Case No. 19221/88. [Sep.St.Nos. 21-24];

6 * Reader's Digest Corporation, anti-Scientology litigant in the case of
7 Church of Scientology of Lausanne vs. Kiosk AG, Basel, Switzerland
8 [Sep.St.Nos. 25-26];

9 * Richard Behar, anti-Scientology litigant in the case of Church of
10 Scientology International v. Time Warner, Inc.; Time Inc. Magazine Company
11 and Richard Behar, United States District Court, Southern District of New
12 York, Case No. 92 Civ. 3024 PKL [Sep.St.Nos. 27-28];

13 * Steven Hunziker, anti-Scientology litigant in the case of Hunziker v.
14 Applied Materials, Inc., Santa Clara Superior Court Case No. 692629
15 [Sep.St.Nos. 29-33];

16 * David Mayo, anti-Scientology litigant in the case of Religious
17 Technology Center v. Robin Scott, et al., United States District Court for the
18 Central District of California, Case No. 85-711 [Sep.St.Nos. 34-35];

19 * Cult Awareness Network, anti-Scientology litigant in the case of Cult
20 Awareness Network v. Church of Scientology International, et al., Circuit
21 Court of Cook County, Illinois, No. 94L804 [Sep.St.Nos. 38-39];

22 * Lawrence Wollersheim, anti-Scientology litigant in the cases of
23 Lawrence Wollersheim v. Church of Scientology of California, Los Angeles
24 Superior Court Number C332027 and Church of Scientology of California v.
25 Lawrence Wollersheim, Los Angeles Superior Court Number BC074815
26 [Sep.St.Nos. 40-42];

27 * Ronald Lawley, anti-Scientology litigant in the cases of Religious
28 Technology Center, et al. vs. Robin Scott, et al., U.S. District Court, Central

1 District of California, Case No. 85-711 MRP(Bx); Matter Between Church of
2 Scientology Advanced Organization Saint Hill Europe and Africa, and Robin
3 Scott, Ron Lawley, Morag Bellmaine, Stephen Bisbey in the High Court of
4 Justice Queen's Bench Division, Case 1984 S No. 1675; and Matter
5 Between Church of Scientology Religious Education College Inc., and Nancy
6 Carter, Ron Lawley, Steven Bisbey, in the High Court of Justice Queen's
7 Bench Division, Case 1986 C No. 12230 [Sep.St.Nos. 43-44];

8 * Uwa Geertz and Steven Fishman, anti-Scientology litigants in the case
9 of Church of Scientology International v. Steven Fishman, et al., United
10 States District Court for the Central District of California Number 91-6426
11 HLH(Tx) [Sep.St.Nos. 45-46];

12 * Tilly Good, a claimant against the Church of Scientology, Mission of
13 Sacramento Valley [Sep.St.Nos. 36-37];

14 * Denise Cantin, a claimant against the Church of Scientology of Orange
15 County; Church of Scientology of Boston; and Church of Scientology, Flag
16 Service Organization [Sep.St.Nos. 36-37]; and

17 * Ed Roberts, a claimant against the Church of Scientology of
18 Stevens Creek [Sep.St.Nos. 36-37].

19 6. Between 1992 and the present, Armstrong breached paragraph 7(D)
20 of the Agreement by contacting media representatives, granting interviews and
21 attempting to assist media representatives in the preparation for publication or
22 broadcast magazine articles, newspaper articles, books, radio and television
23 programs, about or concerning the Church and/or other persons and entities
24 referred to in paragraph 1 of the Agreement. These media representatives
25 included:

26 * Cable Network News: reporter Don Knapp, in March, 1992
27 [Sep.St.Nos. 47-48];

28 * American Lawyer Magazine: reporter Bill Horne, in March, 1992

- 1 [Sep.St.No. 49];
- 2 * Los Angeles Times: reporter Bob Welkos, in May, 1992; and reporter
- 3 Joel Sappell, in June, 1993 [Sep.St.Nos. 50-51];
- 4 * CAN Video Interview, with anti-Scientologists "Spanky" Taylor and
- 5 Jerry Whitfield, in November, 1992 [Sep.St.No. 52];
- 6 * KFAX Radio: interview planned but prevented in April, 1993
- 7 [Sep.St.No. 53];
- 8 * Newsweek Magazine: reporter Charles Fleming, in June, 1993 and
- 9 August, 1993 [Sep.St.No. 54-56];
- 10 * Dally Journal: reporter Mike Tipping, in June, 1993 [Sep.St.No. 57];
- 11 * Time Magazine: reporter Richard Behar, in March, 1992 and in June,
- 12 1993 [Sep.St.Nos. 58-59];
- 13 * San Francisco Recorder: reporter Jennifer Cohen, in August, 1993
- 14 [Sep.St.No. 60];
- 15 * E! Entertainment Network: reporter Greg Agnew, in August, 1993
- 16 [Sep.St.No. 61];
- 17 * WORD Radio: Pittsburgh, Pennsylvania, interviewed in the fall of 1993
- 18 [Sep.St.No. 62];
- 19 * St. Petersburg Times: St. Petersburg, Florida, reporter Wayne Garcia,
- 20 in the fall of 1993 [Sep.St.No. 63];
- 21 * Premiere Magazine: letter to the editor, in October, 1993 [Sep.St.No.
- 22 64];
- 23 * Mirror-Group Newspapers: United Kingdom, in May, 1994
- 24 [Sep.St.No. 65];
- 25 * Gauntlet Magazine: New York, New York, reporter Rick Cusick in
- 26 June, 1994 [Sep.St.No. 66];
- 27 * Pacific Sun Newspaper: reporter Rick Sine. In June and July, 1994
- 28 [Sep.St.No. 67];

1 * Disney Cable: reporter Marsha Nix, in August, 1994 [Sep.St.No. 68];
2 and

3 * Tom Voltz: Swiss author writing a book about Scientology, in
4 October, 1994 [Sep.St.No. 69].

5 7. Between 1992 and the present, Armstrong breached paragraph 7(D)
6 of the Agreement by preparing and distributing at least three manuscripts
7 concerning his claimed experiences in and with Scientology, including a treatment
8 for a screenplay which he intends to turn into a film [Sep.St.Nos.70-71].

9 8. Between 1991 and the present, Armstrong further breached
10 paragraph 7(D) of the Agreement by disclosing his claimed experiences in or with
11 Scientology to each of the following persons or groups, not previously identified:
12 Robert Lobsinger [Sep.St.No. 72]; the New York Times [Sep.St.No. 73]; Toby
13 Plevin, Stuart Culter, Anthony Laing, Kent Burtner, and Margaret Singer
14 [Sep.St.No. 74]; Priscilla Coates [Sep.St.No. 75]; Omar Garrison [Sep.St.No. 76];
15 Vaughn and Stacy Young [Sep.St.No. 77]; a Stanford University psychology class
16 [Sep.St.No. 78]; attendees at the 1992 Cult Awareness Network Convention
17 [Sep.St.No. 79]; and Hana Whitfield [Sep.St.No. 80].

18 9. Defendant Armstrong has reiterated numerous times that he intends
19 to continuing breaching the Agreement unless he is ordered by the Court to cease
20 and desist [Sep.St.Nos. 87-97].

21 10. Plaintiff's legal remedies are inadequate insofar as the scope of the
22 relief ordered below is concerned. Tamarind Lithography Workshop, Inc. v. Sanders
23 (1983) 143 Cal.App.3d 571, 577-578, 193 Cal.Rptr. 409, 413.

24 Accordingly, the Court finds that entry of a permanent injunction in this
25 action is necessary in this action because pecuniary compensation could not afford
26 the Church adequate relief, and the restraint is necessary in order to prevent a
27 multiplicity of actions for breach of contract. Civil Code § 3422(1),(3). A ORDER
28 of injunction is therefore entered as follows:

1 Defendant Gerald Armstrong, his agents, employees, and persons acting in
2 concert or conspiracy with him are restrained and enjoined from doing directly or
3 indirectly any of the following:

4 1. Voluntarily assisting any person (not a governmental organ or
5 entity) intending to make, intending to press, intending to arbitrate, or
6 intending to litigate a claim, regarding such claim or regarding pressing,
7 arbitrating, or litigating it, against any of the following persons or entities:

- 8 ○ The Church of Scientology International, its officers, directors, agents,
9 representatives, employees, volunteers, successors, assigns and legal
10 counsel;
- 11 ○ The Church of Scientology of California, its officers, directors, agents,
12 representatives, employees, volunteers, successors, assigns and legal
13 counsel;
- 14 ○ Religious Technology Center, its officers, directors, agents,
15 representatives, employees, volunteers, successors, assigns and legal
16 counsel;
- 17 ○ The Church of Spiritual Technology, its officers, directors, agents,
18 representatives, employees, volunteers, successors, assigns and legal
19 counsel;
- 20 ○ All Scientology and Scientology affiliated Churches, organizations and
21 entities, and their officers, directors, agents, representatives,
22 employees, volunteers, successors, assigns and legal counsel;
- 23 ○ Author Services, Inc., its officers, directors, agents, representatives,
24 employees, volunteers, successors, assigns and legal counsel;
- 25 ○ The Estate of L. Ron Hubbard, its executor, beneficiaries, heirs,
26 representatives, and legal counsel; and/or
- 27 ○ Mary Sue Hubbard;

28 (Hereinafter referred to collectively as "the Beneficiaries");

1 2. Voluntarily assisting any person (not a governmental organ or
2 entity) defending a claim, intending to defend a claim, intending to defend an
3 arbitration, or intending to defend any claim being pressed, made, arbitrated
4 or litigated by any of the Beneficiaries, regarding such claim or regarding
5 defending, arbitrating, or litigating against it;

6 3. Voluntarily assisting any person (not a governmental organ or
7 entity) arbitrating or litigating adversely to any of the Beneficiaries;

8 4. Facilitating in any manner the creation, publication, broadcast,
9 writing, filming audio recording, video recording, electronic recording or
10 reproduction of any kind of any book, article, film, television program, radio
11 program, treatment, declaration, screenplay or other literary, artistic or
12 documentary work of any kind which discusses, refers to or mentions
13 Scientology, the Church, and/or any of the Beneficiaries;

14 5. Discussing with anyone, not a member of Armstrong's
15 immediate family or his attorney, Scientology, the Church, and/or any of the
16 Beneficiaries;

17 In addition, it is ORDERED that, within 20 days of the issuance of this Order,
18 Armstrong shall:

19 1. Return to the Church any documents which he now has in his
20 possession, custody or control which discuss or concern Scientology, the
21 Church and/or any person or entity referred to in paragraph 1 of the "Mutual
22 Release of All Claims and Settlement Agreement" of December, 1986, other
23 than documents which have been filed in this litigation.

24 It is further ORDERED that during the pendency of this litigation, documents
25 which have been filed in this litigation may be retained by Armstrong's counsel.
26 Those documents are to remain sealed, in the possession of Mr. Greene or any
27 successor counsel, and may not be distributed to third parties. At the conclusion
28 of the instant litigation, it is ORDERED that all documents from this case in

1 counsel's possession which do not comprise counsel's work product will be
2 delivered to counsel for plaintiff. Counsel's work product may be retained by
3 Armstrong's counsel.

4
5 DATED: _____, 1995

6 OCT 17 1995

GARY W. THOMAS

THE HONORABLE GARY W. THOMAS
SUPERIOR COURT JUDGE

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9 Attorneys for Plaintiff
 CHURCH OF SCIENTOLOGY
 INTERNATIONAL

FILED

OCT 25 1994

HOWARD HANSON
 MARIN COUNTY CLERK
 BY: E. Keevick Deputy

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF MARIN

12 CHURCH OF SCIENTOLOGY
 13 INTERNATIONAL, a California not-
 14 for-profit religious corporation,

Plaintiff,

vs.

19 GERALD ARMSTRONG; DOES 1 through
 20 25, inclusive,

Defendants.

CASE NO. 157 680

) [PROPOSED] ORDER
) CONCERNING MOTIONS FOR
) SUMMARY JUDGMENT

) TRIAL DATE: September 29,
) 1994

RECEIVED

SEP 15 1994

HUB LAW OFFICES

1 This matter came on for hearing on September 9, 1994, on
2 motion of plaintiff Church of Scientology International
3 ("Church") for Summary Judgment on Gerald Armstrong's Cross-
4 complaint, and on motion of defendant, Gerald Armstrong
5 ("Armstrong") for Summary Judgment or, alternatively, Summary
6 Adjudication on the Church's Complaint. Church appeared by its
7 attorneys, Andrew H. Wilson of Wilson, Ryan & Campilongo and
8 Laurie J. Bartilson of Bowles & Moxon, Armstrong appeared by his
9 attorney, Ford Greene. Having read and considered the moving and
10 opposing papers, and the evidence and arguments presented therein
11 and at the hearing, and good cause appearing:

12 IT IS ORDERED:

13 1. The motion of plaintiff/Cross-defendant Church of
14 Scientology International for summary judgment on the cross-
15 complaint of Gerald Armstrong is GRANTED.

16 2. Armstrong's claim based on the Miscavige declaration is
17 barred by the absolute judicial privilege of Civil Code Section
18 47, Subdivision (b). The declaration was provided in a judicial
19 proceeding. (See Second Amended Cross-Complaint, ¶69.) The
20 communication was made by a participant authorized by law
21 (Undisputed Fact 7). Contrary to Armstrong's argument, the
22 communication was made "to achieve the objects of the litigation:
23 and has "some connection or logical relation to the action." (See
24 Undisputed Facts 4 and 5.) Armstrong attempts to raise a triable
25 issue of fact by showing that the Miscavige declaration was
26 submitted in connection with a discovery related matter while the
27 Young declaration was submitted in connection with a summary
28 judgment motion. This evidence is not sufficient to raise a

1 triable issue. First, Armstrong cites no evidence showing the
2 context in which Young's declaration was submitted. Second, and
3 more importantly, "proceeding" is not limited to the particular
4 issue before the court at that moment. (See Radar v. Thrasher
5 (1972) 22 Cal.App.3d 883, 889.) The statements by Miscavige go
6 to Armstrong's motives and credibility in testifying as to the
7 matters set forth in the narrative statement. (See Undisputed
8 Fact 5.) Thus, there is "some connection" to the Fishman action,
9 and by its action in submitting the declaration, Church is
10 clearly trying to achieve an object of the litigation by having
11 the trier of fact not believe Armstrong.

12 3. Armstrong's claim based on misuse of financial records
13 obtained through discovery fails. Church's evidence shows that
14 it used the financial records only to prepare for trial in this
15 action. (Fact 17, citing Exhibits 3 and 4.) Armstrong's efforts
16 to raise a triable issue fail. First, his attempt to show a
17 violation of a protective order is not sufficient in that it does
18 not show any efforts by Church to "accomplish[] . . . an improper
19 purpose" or to "obtain an unjustifiable collateral advantage"
20 (i.e., no "use" of the discovery documents). (Younger v. Solomon
21 (1974) 38 Cal.App.3d 289, 297.) Second, his evidence regarding
22 the document titled "Who is Gerald Armstrong?" is not sufficient
23 in that it does not show that any statement in that document was
24 based on his personal financial information. In fact, every
25 statement in the document was contained in Church's original
26 complaint. (Compare Exhibit 1(N), p. 4 with Complaint, ¶¶ 2 and
27 39.)

28 4. Armstrong's motion for summary judgment or,

1 alternatively, summary adjudication on Church's complaint is
 2 DENIED. First, Church brings this action under Civil Code
 3 Section 3439.04, not 3439.05 (See Complaint ¶¶ 29-31, 36-38);
 4 thus, proof of insolvency is not required. Second, the truth or
 5 falsity of Armstrong's religious beliefs are not relevant in
 6 determining, for example, whether Armstrong received "reasonably
 7 equivalent" consideration and whether he knew or should have
 8 known he would incur a debt to Church beyond his ability to pay.
 9 (§ 3439.04, Subd. (b).) Third, this action does not require the
 10 court to establish any religion. The religious beliefs of the
 11 parties are irrelevant in determining the issues in this action.

12 5. Armstrong filed many of his opposition papers three
 13 days late (due 8/26, filed 8/29). The court has considered the
 14 late filed papers. However, Armstrong shall pay sanctions in the
 15 amount of \$49, payable to the clerk of the court within 10 days.

16 Dated: ^{Oct} ~~September~~ 20, 1994

17
 18 GARY W. THOMAS
 19 _____
 20 GARY W. THOMAS
 21 Judge of the Superior Court

22 Submitted by:
 23 Andrew H. Wilson
 24 WILSON, RYAN & CAMPILONGO
 25 BOWLES & MOXON

26 By 
 27 Laurie J. Bartilson
 28 Attorneys for Plaintiff
 CHURCH OF SCIENTOLOGY
 INTERNATIONAL

1 APPROVED AS TO FORM:

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By: _____
Ford Greene, Esq.
HUB LAW OFFICES
Attorney for Defendants
GERALD ARMSTRONG and THE GERALD
ARMSTRONG CORPORATION

By: _____
Michael Walton, Esq.
Pro Se

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7 Attorneys for Defendant
GERALD ARMSTRONG
8
9

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 IN AND FOR THE COUNTY OF LOS ANGELES
12

13 CHURCH OF SCIENTOLOGY)
14 INTERNATIONAL, a California)
not-for-profit religious)
15 corporation;)
16 Plaintiffs,)

17 vs.)

18 GERALD ARMSTRONG; DOES 1)
through 25, inclusive,)
19 Defendants.)
20

21 _____)
GERALD ARMSTRONG,)
22 Cross-Complainant,)
23

24 -vs-)

25 CHURCH OF SCIENTOLOGY)
INTERNATIONAL, a California)
Corporation, CHURCH OF)
26 SCIENTOLOGY OF CALIFORNIA, a)
California Corporation,)
27 RELIGIOUS TECHNOLOGY CENTER, a)
California Corporation,)
28 CHURCH OF SPIRITUAL)

No. BC 052395

VERIFIED AMENDED
CROSS-COMPLAINT FOR DECLARATORY
RELIEF, ABUSE OF PROCESS, AND
BREACH OF CONTRACT

1 TECHNOLOGY,)
 a California Corporation,)
 2 AUTHOR SERVICES, INCORPORATED,)
 a California Corporation,)
 3 AUTHOR'S FAMILY TRUST, ESTATE)
 OF L. RON HUBBARD, DAVID)
 4 MISCAVIGE, NORMAN STARKEY)
 and DOES 1 through 100,)
 5 inclusive,)
)
 6 Cross-Defendants.)
)
 7 _____)

8 Cross-Complainant GERALD ARMSTRONG alleges as follows:

9 PARTIES

- 10 1. Cross-Complainant GERALD ARMSTRONG, hereinafter,
 11 "ARMSTRONG," is a resident of Marin County, California.
- 12 2. Cross-Defendants CHURCH OF SCIENTOLOGY
 13 INTERNATIONAL, hereinafter "CSI," CHURCH OF SCIENTOLOGY OF
 14 CALIFORNIA, hereinafter "CSC," RELIGIOUS TECHNOLOGY CENTER,
 15 hereinafter "RTC," CHURCH OF SPIRITUAL TECHNOLOGY, hereinafter
 16 "COST," and AUTHOR SERVICES, INCORPORATED, hereinafter "ASI," are
 17 corporations organized and existing under the laws of the State of
 18 California, having principal offices and places of business in
 19 California and doing business within the State of California
 20 within the territorial jurisdiction of this Court.
- 21 3. Cross-Defendants AUTHOR'S FAMILY TRUST, hereinafter
 22 "AFT," and ESTATE OF L. RON HUBBARD, hereinafter "ERH," are
 23 entities that are residents of the State of California.
- 24 4. Cross-Defendant DAVID MISCAVIGE, hereinafter
 25 "MISCAVIGE," is an individual domiciled in the State of
 26 California.
- 27 5. Cross-Defendant NORMAN STARKEY, hereinafter
 28 "STARKEY," is an individual domiciled in the State of California.

1 6. At all times herein mentioned, each Cross-Defendant
2 was the agent, employee or coconspirator of each of the remaining
3 Cross-Defendants, and in doing the things herein mentioned, each
4 Cross-Defendant was acting within the course and scope of its
5 employment and authority as such agent and/or representative
6 and/or employee and/or coconspirator, and with the consent of the
7 remaining Cross-Defendants.

8 7. Corporate Cross-Defendants named in paragraph 2,
9 above, are subject to a unity of control, and the separate alleged
10 corporate structures were created as an attempt to avoid payment
11 of taxes and civil judgments and to confuse courts and those
12 seeking redress for these Cross-Defendants' acts. Due to the
13 unity of personnel, commingling of assets, and commonality of
14 business objectives, these Cross-Defendants' attempts at
15 separation of these corporations should be disregarded.

16 8. The designation of Cross-Defendants as "churches"
17 or religious entities is a sham contrived to exploit the
18 protection of the First Amendment of the United States
19 Constitution and to justify their criminal, and tortious acts
20 against ARMSTRONG and their others. Cross-Defendant corporations
21 are an international, money-making, politically motivated
22 enterprise which subjugates and exploits its employees and
23 customers with coercive psychological techniques, threat of
24 violence and blackmail. Cross-Defendant corporations, CSI, CSC,
25 RTC, COST and ASI act as one organization and are termed
26 hereinafter as the "ORG."

27 9. Cross-Defendant MISCAVIGE controls and operates the
28 ORG and uses it to enforce his orders and carry out his attacks on

1 groups, agencies or individuals, including the acts against
2 ARMSTRONG alleged herein to the extent there is no separate
3 identity between MISCAVIGE and the ORG and any claim of such
4 separate identity should be disregarded.

5 10. Cross-Defendant entities AFT and ERH derive
6 financial benefit from the ORG, participate in its acts against
7 groups, agencies or individuals, including ARMSTRONG, and
8 participate in MISCAVIGE's and the ORG's efforts to avoid payment
9 of taxes and civil judgments and to confuse courts and persons
10 seeking redress of grievances against MISCAVIGE and the ORG.

11 11. Cross-Defendant STARKEY controls and operates AFT
12 and ERH and uses them in conspiracy with MISCAVIGE to carry out
13 their attacks on groups, agencies or individuals, including the
14 acts against ARMSTRONG alleged herein.

15 12. Cross-Defendants DOES 1 through 100, inclusive, are
16 sued herein under such fictitious names for the reason that the
17 true names and capacities of said Cross-Defendants are unknown to
18 ARMSTRONG at this time; that when the true names and capacities of
19 said Cross-Defendants are ascertained ARMSTRONG will ask leave of
20 Court to amend this Cross-Complaint to insert the true names and
21 capacities of said fictitiously named Cross-Defendants, together
22 with any additional allegations that may be necessary in regard
23 thereto; that each of said fictitiously named Cross-Defendants
24 claim that ARMSTRONG has a legal obligation to Cross-Defendants by
25 virtue of the facts set forth below; that each of said
26 fictitiously named Cross-Defendants is in some manner legally
27 responsible for the acts and occurrences hereinafter alleged.

28

1 FACTUAL ALLEGATIONS

2 13. From 1969 through 1981 ARMSTRONG was a
3 Scientologist who devoted his life to Scientology founder, L. Ron
4 Hubbard, the ideals he proclaimed and the Scientology organization
5 he claimed to have built to promulgate those ideals. After
6 leaving Hubbard's and the organization's employ and control in
7 December 1981, ARMSTRONG was declared by the ORG a "Suppressive
8 Person," or "SP," which designated him an "enemy," and became the
9 target of Hubbard's policy of "Fair Game," which states:

10 "ENEMY - SP Order. Fair Game. May be deprived of
11 property or injured by any means by any
12 Scientologist without any discipline of the
13 Scientologist. May be tricked, sued or lied to or
14 destroyed."

15 The ORG, using Cross-Defendant herein CSC as Plaintiff, filed a
16 lawsuit, No. C 420153, in the Los Angeles Superior Court against
17 ARMSTRONG on August 2, 1982. ARMSTRONG filed a Cross-Complaint
18 against Cross-Defendants CSC and L. RON HUBBARD September 17,
19 1982, and a Third Amended Cross-Complaint against Cross-Defendants
20 CSC, CSI, RTC and L. RON HUBBARD July 1, 1983. The Complaint and
21 the Cross-Complaint thereto, hereinafter referred to together as
22 Armstrong I, were bifurcated and the underlying Complaint was
23 tried without a jury in 1984. A Memorandum of Intended Decision
24 was rendered by Judge Paul G. Breckenridge, Jr. June 20, 1984 and
25 entered as a Judgment August 10, 1984. The ORG appealed.

26 14. During the Armstrong I litigation the ORG carried
27 out a massive and international campaign of Fair Game against
28 ARMSTRONG and his lawyer, Michael J. Flynn of Boston,

1 Massachusetts, hereinafter "Flynn," who had been the prime mover
2 in much of the anti-ORG-related litigation throughout the United
3 States. Acts against ARMSTRONG pursuant to Fair Game included
4 assault, an attempted staged highway accident, attempted
5 entrapment, theft of private papers and original artwork,
6 dissemination of information from his confidential "counseling"
7 records, filing false criminal charges on at least five occasions,
8 global defamation, threat of murder, and illegal electronic
9 surveillance. ARMSTRONG learned during the period he was
10 represented in the litigation by Flynn that Fair Game acts against
11 Flynn included attempted murder, theft of private papers, threats
12 against his family, defamation, thirteen frivolous lawsuits,
13 spurious bar complaints, and framing with the forgery of a
14 \$2,000,000 check on a bank account of L. Ron Hubbard.

15 15. In the fall of 1986, while working as a paralegal
16 in the Flynn firm, ARMSTRONG was aware that settlement talks
17 involving all the ORG-related cases in which Flynn was either
18 counsel or party were occurring in Los Angeles, California between
19 Flynn and the ORG. Such talks had occurred a number of times over
20 the prior four years. On December 5, 1986 ARMSTRONG was flown to
21 Los Angeles, as were several other of Flynn's clients with claims
22 against the organization, to participate in a "global settlement."
23 Prior to flying to Los Angeles, ARMSTRONG had reached an agreement
24 with Flynn on a monetary figure to settle Armstrong I, but did not
25 know any of the other conditions of settlement.

26 16. After ARMSTRONG's arrival in Los Angeles, Flynn
27 showed him a copy of a document entitled "Mutual Release of All
28 Claims and Settlement Agreement," hereinafter "the settlement

1 agreement," and some other documents including affidavits, and was
2 advised by Flynn that he was expected to sign them all. Upon
3 reading the settlement agreement ARMSTRONG was shocked and
4 heartsick. ARMSTRONG told Flynn that the condition of "strict
5 confidentiality and silence with respect to his experiences with
6 the" ORG, since it involved over seventeen years of his life was
7 impossible to perform. ARMSTRONG told Flynn that the liquidated
8 damages clause was outrageous; that pursuant to the agreement
9 ARMSTRONG would have to pay \$50,000.00 if he told a medical doctor
10 or psychologist about his experiences from those years, or if he
11 put on a job resume what positions he had held during his
12 organization years. He told Flynn that the requirements of non-
13 amenability to service of process and non-cooperation with persons
14 or organizations adverse to the ORG were obstructive of justice.
15 He told Flynn that agreeing to leave the ORG's appeal of the
16 Breckenridge decision and not respond to any subsequent appeals
17 was unfair to the courts and all the people who had been helped by
18 the decision. ARMSTRONG told Flynn that an affidavit the ORG was
19 demanding that he sign was false, that there had been no
20 management change, that his private preclear folders were still
21 being culled, and that he had the same disagreements with the
22 ORG's Fair Game policies and actions, which had continued without
23 change up to that date. ARMSTRONG told Flynn that he was being
24 asked to betray everything and everyone he had fought for against
25 organization injustice.

26 17. In answer to ARMSTRONG's objections to the
27 settlement agreement Flynn said that the silence and liquidated
28 damages clauses, and anything which called for obstruction of

1 justice were "not worth the paper they [were] printed on." Flynn
2 stated that representation a number of times and in a number of
3 ways; e.g., that ARMSTRONG could not contract away his
4 Constitutional rights; that the conditions were unenforceable.
5 Flynn stated that he had advised the ORG's lawyers that those
6 conditions in the settlement agreement were not worth the paper
7 they were printed on, but that the ORG, nevertheless, insisted on
8 their inclusion and would not agree to any changes. Flynn pointed
9 out to ARMSTRONG the clauses in the settlement agreement
10 concerning his release of his claims against the ORG and the ORG's
11 release of its claims against ARMSTRONG and stated that they were
12 the essential elements of the settlement and what the organization
13 was paying for.

14 18. Flynn stated to ARMSTRONG at that time that he was
15 sick of the litigation and the threats to him and his family, and
16 that he wanted to get out. Flynn stated that all the people
17 involved in his side of the ORG-related litigation were sick of it
18 and wanted to get on with their lives. He said that as a
19 condition of settlement he and his co-counsels in the ORG-related
20 litigation had agreed to not become involved in that litigation in
21 the future. Flynn conveyed to ARMSTRONG a hopelessness concerning
22 the inability of the courts of this country to deal with the ORG,
23 its lawyers and their contemptuous abuse of the justice system.
24 Flynn told ARMSTRONG that if he didn't sign the documents all he
25 had to look forward to was more years of harassment and misery.
26 When ARMSTRONG expressed his continuing objections to the
27 settlement agreement, Edward Walters, whom Flynn had kept present
28 in the room during this discussion with ARMSTRONG, and who was

1 another of Flynn's clients and a participant in the settling of
2 Flynn's ORG-related litigation, yelled at ARMSTRONG accusing him
3 of killing the settlement for everyone, that everyone else had
4 signed or would sign, and that everyone else wanted the
5 settlement. Flynn told ARMSTRONG that the ORG would only settle
6 with everyone together; otherwise there would be no settlement.
7 Flynn did agree to ask the ORG to include a clause in ARMSTRONG's
8 settlement agreement allowing him to keep his creative works
9 relating to L. Ron Hubbard or the organization.

10 19. Flynn stated to ARMSTRONG that a major reason for
11 the settlement's "global" form was to give the ORG the opportunity
12 to change its combative attitude and behavior by removing the
13 threat he and his clients represented to it. He said that the ORG
14 wanted peace and unless ARMSTRONG signed the ORG's documents there
15 would be no peace. Flynn stated that the ORG's attorneys had
16 promised that the affidavit ARMSTRONG considered false would only
17 be used by the ORG if ARMSTRONG began attacking it after the
18 settlement. Since ARMSTRONG had no intention of attacking the
19 ORG, understood that the offensive affidavit would never see the
20 light of day.

21 20. During ARMSTRONG's meeting with Flynn he found
22 himself facing a dilemma. If he refused to sign the settlement
23 agreement and affidavit all the other settling litigants, many of
24 whom had already been flown to Los Angeles in anticipation of a
25 settlement, would be disappointed and would continue to be
26 subjected to organization harassment for an unknown period of
27 time. ARMSTRONG had been positioned as a deal-breaker and led to
28 believe he would lose the support of some, if not all, of the

1 settling claimants, several of whom were key witnesses in his case
2 against the ORG. ARMSTRONG was led to believe that all the
3 lawyers involved in his case desperately wanted out of the ORG-
4 related litigation, and should he not sign the settlement
5 documents would become unhappy and unwilling in their
6 representation of him. ARMSTRONG reasoned that, on the other
7 hand, if he did sign the settlement documents all his co-
8 litigants, some of whom he knew to be in financial trouble, would
9 be happy, the stress they felt would be reduced and they could get
10 on with their lives. ARMSTRONG believed that Flynn and his other
11 lawyers would be happy and the threat to them and their families
12 removed. ARMSTRONG believed that the ORG would have the
13 opportunity its lawyers said it desired to clean up its act, and
14 start anew. Armed with Flynn's assurance that the conditions he
15 found so offensive in the settlement agreement were not worth the
16 paper they were printed on, and the knowledge that the ORG's
17 attorneys were also aware of that fact, ARMSTRONG put on a happy
18 face and on the following day went through the charade of a
19 videotaped signing. A true and correct copy of the settlement
20 agreement is attached hereto as Exhibit A.

21 21. On December 11, 1986, pursuant to stipulation,
22 Judge Breckenridge issued orders dismissing the Armstrong I Cross-
23 Complaint, directing that the settlement agreement be filed and
24 retained by the clerk under seal, releasing to the ORG all trial
25 exhibits and other documents which had been held by the clerk of
26 the Court, and sealing the entire Court file. Despite the Court's
27 specific order the ORG never filed the Settlement Agreement.

28 22. On December 18, 1986 the California Court of

1 Appeal, Second Appellate District, Division Three, issued an
2 unpublished opinion dismissing the ORG's appeal from the
3 Breckenridge decision on the ground that there would be no
4 appealable final judgment until after trial of the Armstrong I
5 Cross-Complaint.

6 23. The ORG filed a Petition for Rehearing of its
7 appeal in the Court of Appeal, which was denied January 15, 1987;
8 then a Petition for Review by the California Supreme Court which
9 was denied March 11, 1987. On January 30, 1987 the ORG filed in
10 the Los Angeles Superior Court an "Unopposed Motion to Withdraw
11 Memorandum of Intended Decision," which Judge Breckenridge denied
12 February 2, 1987. On February 9, 1987 the ORG filed a Notice of
13 Appeal from the orders issued pursuant to stipulation by Judge
14 Breckenridge on December 11, 1986.

15 24. The ORG, and all Cross-Defendants herein, did not
16 desire peace from the December 1986 settlement with ARMSTRONG but
17 an advantage wherein they could continue to attack him without his
18 being able to respond. They removed his lawyers from defending
19 him, and used his lead lawyer, Flynn, as their agent to relay to
20 ARMSTRONG threats of litigation and to keep him from responding to
21 their attacks. Immediately following the settlement ORG
22 operatives contacted Beverly Rutherford, one of ARMSTRONG's
23 friends from his pre-Scientology past, to try to get information
24 from her concerning ARMSTRONG of a personal and embarrassing
25 nature to be used against him. Also immediately following the
26 settlement the ORG delivered a pack of documents concerning and
27 attacking ARMSTRONG to reporters Robert Welkos and Joel Sappell of
28 the Los Angeles Times. The ORG has continued from the date of the

1 settlement to collect intelligence information on ARMSTRONG, to
2 consider him an enemy and to treat him as Fair Game. The
3 settlement itself in intention, form, and effect was an act of
4 Fair Game.

5 25. Although contacted a number of times by the media
6 for statements concerning the ORG or Hubbard in the three years
7 following the settlement, ARMSTRONG did not make any public
8 statements during that period.

9 26. In the fall of 1987 ARMSTRONG received a document,
10 which had been created and circulated by the ORG to discredit
11 ARMSTRONG and writer Bent Corydon. In this document the ORG
12 accused ARMSTRONG of "numerous false claims and lies," of
13 "incompetence as a researcher," as having "stolen valuable
14 documents from [ORG] archives," and of being part of "a small
15 cabal of thieves, perjurers and disreputable sources." Such
16 statements were themselves lies, known to the ORG to be lies,
17 malicious, and intended to destroy ARMSTRONG's reputation and
18 credibility. In this document as well the ORG describes
19 ARMSTRONG's experiences in the organization as Hubbard's archivist
20 and biographical researcher, and discusses aspects of the
21 Armstrong I litigation, all in violation of the letter and spirit
22 of the settlement.

23 27. In early 1988 ARMSTRONG received a number of
24 affidavits the ORG had filed in Miller, which accuse ARMSTRONG of,
25 inter alia, retaining documents in violation of a Los Angeles
26 Superior Court order, providing documents to Russell Miller in
27 violation of a court order, and violating court sealing orders.
28 The affidavits accuse ARMSTRONG of being "an admitted agent

1 provocateur of the U.S. Federal Government who planned to plant
2 forged documents in [ORG] files which would then be "found" by
3 Federal officials in subsequent investigations as evidence of
4 criminal activity," and of intending to "plant forged documents
5 within the [ORG] and then using the contents to get the [ORG]
6 raided. All of the ORG's accusations regarding ARMSTRONG in the
7 affidavits filed in Miller are false, known by the ORG to be
8 false, malicious and intended to destroy ARMSTRONG's credibility.
9 ARMSTRONG has proven repeatedly to the ORG that its accusations
10 are false, but the ORG has not corrected the falsehoods wherever
11 they have been uttered or written but has continued to spread its
12 lies about ARMSTRONG.

13 28. The ORG's affidavits filed in Miller also contain
14 descriptions of ARMSTRONG's experiences in the organization and
15 conditions of the settlement agreement. At the same time the ORG
16 demanded that ARMSTRONG not discuss his own experiences or
17 conditions of settlement on penalty of \$50,000.00 an utterance.
18 The ORG itself filed documents in the case straight out of the
19 sealed Armstrong I file. Such acts are intended to bring about
20 ARMSTRONG's mental disintegration and total destruction, are
21 conscious and premeditated acts by the ORG of Fair Game, and have
22 caused ARMSTRONG great anguish.

23 29. Also in October 1987 ARMSTRONG was contacted by a
24 reporter from the London Sunday Times who advised him that ORG
25 representatives had given the newspaper a pack of documents
26 concerning him. The reporter said that the ORG representatives
27 were claiming that ARMSTRONG was an agent provocateur who tried to
28 plant forged documents in the organization and wanted to destroy

1 the scientology religion. The reporter also said that the ORG
2 representatives had given the newspaper a videotape of ARMSTRONG
3 they claimed showed him conspiring to overthrow ORG management.
4 ARMSTRONG told the reporter that although he considered the ORG's
5 attacks violated the settlement agreement he would not respond to
6 them.

7 30. On December 21, 1988 ARMSTRONG received a call from
8 Flynn who relayed a message from Michael Lee Hertzberg, one of the
9 organization's leading lawyers stating that he wanted ARMSTRONG to
10 file a pleading to keep the court file sealed in the face of
11 efforts by the plaintiff in Corydon v. CSI, Los Angeles Superior
12 Court case no. C 694401, who had filed a motion to unseal the
13 Armstrong I court file. Flynn stated that Hertzberg had
14 threatened that if ARMSTRONG failed to cooperate Hertzberg would
15 release a private and personal document belonging to ARMSTRONG
16 regarding one of his dreams specifically sealed by Judge
17 Breckenridge in Armstrong I.

18 31. On December 27, 1988 ARMSTRONG spoke again by phone
19 with Flynn, who advised ARMSTRONG that due to a court order
20 unsealing the file in Armstrong I, he was going to file a pleading
21 to say that the settlement documents should remain sealed.
22 ARMSTRONG disagreed and advised Flynn he did not want such a paper
23 filed, but on November 15, 1989 ARMSTRONG received notice that
24 Flynn had filed such a paper against his wishes.

25 32. On October 11, 1989 ARMSTRONG was served with a
26 deposition subpoena duces tecum which had been issued by Toby
27 Plevin, an attorney representing Corydon in his litigation against
28 the ORG.

1 33. On October 23, 1989 ARMSTRONG received a call from
2 Heller who stated that the ORG would seek a protective order to
3 prevent Armstrong's deposition in Corydon from going forward, that
4 Armstrong should be represented by an ORG lawyer, that to maintain
5 the settlement agreement ARMSTRONG could only answer questions by
6 court order, that ARMSTRONG should refuse to answer the deposition
7 questions and force Corydon to get an order from the court
8 compelling ARMSTRONG to answer.

9 34. On October 25, 1989 Heller told ARMSTRONG that he
10 had a problem with ARMSTRONG responding to deposition questions
11 concerning such things as L. Ron Hubbard's misrepresentations or
12 ARMSTRONG's period as Hubbard's archivist in the organization,
13 that he wanted to have an attorney present to instruct ARMSTRONG
14 not to answer such questions so that Corydon would have to move to
15 compel an answer, and that if the court ordered sanctions for
16 ARMSTRONG's refusal to answer, the ORG would indemnify him.
17 Heller further stated that ARMSTRONG had a contractual obligation
18 to the ORG, and that if ARMSTRONG did answer deposition questions
19 he would have breached the settlement agreement and may be sued.

20 35. Based on Heller's threats, the earlier threats and
21 ORG post-settlement attacks described above, ARMSTRONG's
22 understanding of his importance to and involvement with the ORG,
23 and his knowledge of the ORG, its fraud and Fair Game, moved him
24 at that time to protect himself by beginning to assemble
25 documentation and prepare a declaration to oppose these ORG
26 abuses.

27 36. On November 1, 1989 Heller, on behalf of ORG entity
28 ASI, a defendant in Corydon, filed a motion "to Delay or Prevent

1 the Taking of Certain Third Party Depositions," relating to the
2 deposition of ARMSTRONG. Heller stated in the motion:

3 "One of the key ingredients to completing these
4 settlement, insisted upon by all parties involved, was
5 strict confidentiality respecting: (1) the Scientology
6 parishioner or staff member's experiences within the
7 Church of Scientology; (2) any knowledge possessed by
8 the Scientology entities concerning those staff members
9 or parishioners; and (3) the terms and conditions of the
10 settlements themselves."

11 37. On November 18, 1989 ARMSTRONG received a copy of a
12 videotape edited from videotapes of him made in 1984 by ORG
13 intelligence operatives and used thereafter against him. This copy
14 had been given to the London Sunday Times, along with a package of
15 documents concerning ARMSTRONG by ORG operatives. Taped to the
16 video cassette was the business card of Eugene M. Ingram, the
17 ORG's private detective who had set up the videotaping.

18 38. On November 20, 1989 Heller contacted ARMSTRONG and
19 advised him that he wanted ARMSTRONG to execute ORG a declaration
20 that ARMSTRONG had either no or minimal contact with Corydon in
21 the organization, and that subsequent to leaving he had received
22 no information about Corydon. ARMSTRONG told Heller that he knew
23 Corydon quite well and that he saw himself as a relevant witness,
24 and would go forward with the deposition. Heller said to do so
25 would be a mistake because only the ORG would ever help him, that
26 ARMSTRONG should assist the ORG because it had honored its
27 agreement, that the ORG had signed a non-disclosure agreement as
28 well and as far as he knew had lived up to its agreement. When

1 ARMSTRONG disagreed, Heller reiterated at the end of the
2 conversation that if ARMSTRONG started to testify, for example
3 about the Hubbard biography project, or things he and the ORG
4 considered irrelevant, he would be sued for breach of contract.

5 39. On November 30, 1989 ARMSTRONG attended a hearing
6 in Corydon of the ORG's motion to prevent his deposition from
7 going forward where he was served with a subpoena duces tecum
8 ordering him to appear as a witness in the trial of Religious
9 Technology Center v. Joseph A. Yanny, Los Angeles Superior Court
10 Case no. C 690211.

11 40. On February 15, 1990 ARMSTRONG received a call
12 from one of Michael Flynn' partners, attorney Michael A. Tabb, who
13 said he had been called by Heller who told him that the ORG
14 considered ARMSTRONG had violated the settlement agreement by
15 being in the courthouse when he was served in Yanny, that they
16 intended to prove it, and that he would be sued.

17 41. On January 18, 1990 ARMSTRONG received a copy of
18 Appellants' Opening Brief which the ORG had filed December 21,
19 1989 in appeal No. B025920 in Division Three of the Second
20 Appellate District in the California Court of Appeal wherein the
21 ORG sought a reversal of the 1984 Breckenridge decision. On
22 January 30, 1990 ARMSTRONG received the Reply Brief of Appellants
23 and Response to Cross-Appeal filed in Division Four in the Second
24 Appellate District in an appeal entitled Church of Scientology of
25 California and Mary Sue Hubbard, Appellants, against Gerald
26 Armstrong, Defendant; Bent Corydon, Appellee, No. B038975 in which
27 the ORG sought a reversal of Judge Geernaert's ruling unsealing
28 the Armstrong I court file.

1 42. Because the settlement agreement prohibited
2 ARMSTRONG from opposing any of the appeals the ORG might take, he
3 filed a Petition for Permission to Respond in the B025920 Division
4 Three appeal February 28, 1990, and in the B038975 Division Four
5 appeal March 1, 1990. When his petitions were granted, ARMSTRONG
6 filed a Respondent's Briefs opposing the ORG appeals.

7 43. ARMSTRONG's March 15, 1990 declaration that he had
8 filed in the Court of Appeal was used by Corydon as an exhibit
9 supporting a motion for an order directing non-interference with
10 witnesses. In its opposition thereto the ORG Heller contradicted
11 what he earlier had said to ARMSTRONG about the agreement being
12 reciprocal, now stating that the ORG was free to talk about
13 Armstrong, but that Armstrong was not free to talk about it.
14 Heller's lies to ARMSTRONG, his lies in sworn declarations about
15 the reciprocity of the settlement agreement, the trap ARMSTRONG
16 had been placed in by the ORG and his own attorney, who, because
17 of ORG Fair Game tactics, had deserted him, caused ARMSTRONG great
18 distress and grief.

19 44. In his March 27 1990, declaration and in the
20 opposition to plaintiff's motion for non-interference with
21 witnesses in Corydon, Heller denied that the three telephone calls
22 with ARMSTRONG occurred, denied offering to have the ORG pay for
23 an attorney at ARMSTRONG's deposition in Corydon, denied offering
24 to indemnify ARMSTRONG for sanctions which might be imposed by the
25 court, and denied threatening ARMSTRONG with litigation. These
26 denials are lies.

27 45. In his March 26, 1990 declaration, Kenneth Long,
28 the ORG staff member who had executed a number of the affidavits

1 concerning ARMSTRONG which were filed in the Miller case, stated:

2 "In January, 1987, following settlement of Scientology
3 (sic) of California ("CSC"), Armstrong turned over to
4 CSC all [ORG]-related documents in his possession. I
5 personally inspected the documents turned over by
6 Armstrong, and found a number of copies of the documents
7 which Armstrong had previously sworn that he had
8 surrendered to the Clerk of the Court. [] Based on my
9 discovery of these documents, I concluded that Armstrong
10 had intentionally perjured himself on numerous
11 occasions, and had as well knowingly violated orders
12 issued by judges at all levels ranging from the Los
13 Angeles Superior Court to the Supreme Court of the
14 United States."

15 Long's statement is false, reckless and malicious. Long stated as
16 well that his affidavits attacking ARMSTRONG in Miller were
17 necessary "to detail the elements of the breach of confidence
18 against Miller and Penguin, and the claim could not have been
19 brought without explaining the underlying actions taken by
20 Armstrong."

21 46. On March 21, 1990 ARMSTRONG spoke by phone with
22 Michael Flynn, who said that he had been called by Lawrence Heller
23 two or three weeks before. Flynn said that Heller told him that
24 ARMSTRONG was right then sitting in the courtroom at the Yanny
25 trial and he asked Flynn to call ARMSTRONG and tell him that if he
26 testified in Yanny he would be in violation of the settlement
27 agreement and would be sued. ARMSTRONG had been present at the
28 Yanny trial March 5, 1990.

1 47. In early April, 1990 ARMSTRONG received a call from
2 ORG lawyer Eric Lieberman who threatened dire consequences if
3 ARMSTRONG continued to speak out against the ORG in violation of
4 the settlement agreement. ARMSTRONG related to Lieberman a list
5 of the ORG's post-settlement attacks on ARMSTRONG in violation
6 itself of the agreement. Lieberman dismissed ARMSTRONG's
7 grievances as insignificant.

8 48. On July 8, 1988 the Internal Revenue Service issued
9 a document entitled "final adverse ruling" to Cross-Defendant
10 herein COST denying its application for tax exempt status. In that
11 ruling the IRS stated:

12 "In support of the protest (protest conference was held
13 in January 1987) to our initial adverse ruling, we were
14 supplied with copies of affidavits dated December 4,
15 1986, from Gerald Armstrong and Laurel Sullivan. Ms.
16 Sullivan was the person in charge of the MCCS project
17 (the ORG's "Mission Corporate Category Sort-out," the
18 purpose of which was to devise a new organizational
19 structure to conceal L. Ron Hubbard's continued
20 control). The affidavits state that the new church
21 management 'seems to have returned to the basic and
22 lawful policies and procedures as laid out by the
23 founder of the religion, L. Ron Hubbard.' The
24 affidavits conclude as follows: 'Because of the
25 foregoing, I no longer have any conflict with the Church
26 of Scientology or individual members affiliated with the
27 Church. Accordingly I have executed a mutual release
28 agreement with the Church of Scientology and sign this

1 affidavit in order to signify that I have no quarrel
2 with the Church of Scientology or any of its members.'"
3 The ORG filed the ARMSTRONG affidavit in the COST case for the
4 purpose of destroying his credibility and in violation of the
5 representation the ORG had Flynn make to ARMSTRONG during
6 settlement that such affidavit would never be used unless
7 ARMSTRONG attacked the ORG after settlement. The ORG's filing of
8 the affidavit, its use of the courts, and the campaign to destroy
9 ARMSTRONG's reputation have caused ARMSTRONG great emotional
10 distress.

11 49. In August 1991 while in South Africa ARMSTRONG was
12 informed by Stuart Cutler, a lawyer for Malcolm Nothling,
13 litigant against the ORG, that the ORG had provided ARMSTRONG's
14 personal papers regarding the 1985 dream which had been sealed in
15 Armstrong I, to the ORG's South African legal representatives for
16 use against ARMSTRONG in the Nothling litigation in which
17 ARMSTRONG was expected to testify. The dissemination of this
18 document in South Africa caused ARMSTRONG great embarrassment and
19 emotional distress.

20 50. On August 12, 1991 the ORG filed a lawsuit against
21 17 agents of the IRS, case no. 91-4301-SVW in United States
22 District Court, Central District of California for more than
23 \$120,000,000.00. The ORG used therein a false rendition of the
24 1984 illegal videotaping of ARMSTRONG, which videotape had been
25 sealed in the Armstrong I court file. The ORG stated in its
26 complaint:

27 "The infiltration of the [ORG] was planned by the LA CID
28 along with former [ORG] member Gerald Armstrong, who

1 planned to seed [ORG] files with forged documents which
2 the IRS could then seize in a raid. The CID actually
3 planned to assist Armstrong in taking over the [ORG]
4 hierarchy which would then turn over all [ORG] documents
5 to the IRS for their investigation."

6 The ORG knew that these accusations were false, knew that
7 ARMSTRONG knew they were false.

8 51. Upon his return to the United States from South
9 Africa, Armstrong visited the law office of Ford Greene who asked
10 for his help. Armstrong, who is a trained paralegal, and lived in
11 the same Marin County town as Greene, agreed to help him, and has
12 been working with him from that time until the present. The moment
13 he began working in Greene's office the ORG began to terrorize him
14 with constant surveillance by ORG intelligence operatives,
15 videotaped him, embarrassed him, caused disturbances in the
16 neighborhood of Greene's law firm, and caused him great fear. The
17 ORG has a reputation of using its intelligence operatives or
18 private investigators to assault its perceived enemies, frame
19 them, entrap them, terrorize them, lie about them, and steal from
20 them. Judge Breckenridge in Armstrong I, had found that:

21 "Defendant Armstrong was the subject of harassment,
22 including being followed and surveilled by individuals
23 who admitted employment by [the ORG]; being assaulted by
24 one of these individuals; being struck bodily by a car
25 driven by one of these individuals; having two attempts
26 made by said individuals apparently to involve Defendant
27 Armstrong in a freeway automobile accident; having said
28 individuals come onto Defendant Armstrong's property,

1 spy in his windows, create disturbances, and upset his
2 neighbors."

3 The August 1991 surveillance of ARMSTRONG by ORG operatives
4 was intended to and caused ARMSTRONG severe shock and emotional
5 distress.

6 52. ARMSTRONG called and wrote to ORG lawyer Eric
7 Lieberman on August 21 and 22, 1991 protesting the surveillance,
8 videotaping and ORG terror tactics. Lieberman never responded,
9 but the ORG responded with renewed attacks on ARMSTRONG, filing
10 perjurious declarations about him in the Aznaran case accusing him
11 of, inter alia, being in Greene's office (during the period when
12 he had been in South Africa), of being employed by Joseph Yanny
13 while working for Greene, and of being Yanny's extension in the
14 Aznaran case. The ORG used these lies in a series of attempts to
15 have the Aznaran case dismissed, and in further attempts to
16 destroy ARMSTRONG's credibility and his capacity to defend himself
17 from the ORG's attacks. The ORG also filed perjurious
18 declarations in Aznaran concerning the illegal 1984 Armstrong
19 operation, claiming, inter alia, that the operation was a police-
20 sanctioned investigation, that ARMSTRONG was plotting against the
21 ORG and seeking out staff members who would be willing to assist
22 him in overthrowing its leadership, and that ARMSTRONG's theory of
23 litigation against the ORG was to fabricate the facts. These lies
24 were used in a series of attempts to deny the Aznarans justice and
25 to attack ARMSTRONG's credibility and leave him defenseless before
26 the ORG's assault. The ORG moreover used in these attempts
27 transcripts of the illegal 1984 videotaping of ARMSTRONG which had
28 been sealed in the Armstrong I court file. The ORG knew its lies

1 filed in the Aznaran case regarding ARMSTRONG were lies, knew it
2 was using sealed documents to attack ARMSTRONG, knew that such
3 caused ARMSTRONG great emotional distress, and knew that its acts
4 in Armstrong I had caused him emotional distress for which it had
5 paid ARMSTRONG a significant sum of money. The ORG's statements
6 filed in Aznaran regarding ARMSTRONG were malicious and an abuse
7 process. ARMSTRONG filed a declaration in Aznaran dated September
8 3, 1991 detailing the lies the ORG had up to that time filed about
9 him in that case and stating the truth of the matters. On June
10 23, 1992, Judge Ideman, presiding in the Aznaran case denied all
11 the ORG's motions in which it had filed its attacks on ARMSTRONG.

12 53. On October 3, 1991 the ORG, using CSC, CSI and RTC
13 as Plaintiffs, filed a motion in Los Angeles Superior Court in the
14 Armstrong I case to enforce the settlement agreement in which it
15 charged that ARMSTRONG's declaration in Aznaran which rebutted the
16 ORG's lies filed about him in that case was a violation of the
17 settlement agreement. That motion, in which the ORG sought from
18 ARMSTRONG \$100,000.00 in damages for his responses to ORG attacks,
19 was denied on December 23, 1991 by Judge Geernaert, who stated
20 during the hearing of that date:

21 " So my belief is Judge Breckenridge, being a very
22 careful judge, follows about the same practice and if he
23 had been presented that whole agreement and if he had
24 been asked to order its performance, he would have dug
25 his feet in because that is one of the [] most
26 ambiguous, one-sided agreements I have ever read. And I
27 would not have ordered the enforcement of hardly any of
28 the terms had I been asked to, even on the threat that,

1 okay the case is not settled.

2 I know we like to settle cases. But we don't want to
3 settle cases and, in effect, prostrate the court system
4 into making an order which is not fair or in the public
5 interest."

6 54. Heedless of Judge Geernaert's comments the ORG on
7 February 4, 1992 filed the underlying lawsuit, hereinafter
8 Armstrong II, this time seeking \$1,700,000.00 in damages. On
9 March 26, 1992 the ORG sought to have ARMSTRONG held in contempt
10 of court for communicating to the media about the litigation after
11 the ORG had itself given an interview to the media and in response
12 to the ORG's public comments about him. Judge Dufficy of the
13 Marin Superior Court, then presiding over the Armstrong II
14 litigation, refused to hear the ORG's effort to have ARMSTRONG
15 found in contempt. The effort, however, demonstrates the ORG's
16 intention: create a scenario in which ARMSTRONG responds to ORG
17 attacks and then have him jailed for his response. Then, pursuant
18 to ORG policy, neutralize him.

19 55. On February 19, 1992 Ford Greene, ARMSTRONG's
20 attorney in Armstrong II, wrote ORG attorney Laurie Bartilson
21 requesting that ARMSTRONG's former attorneys in Armstrong I,
22 Michael Flynn, Julia Dragojevic and Bruce Bunch, each of whom were
23 specifically prohibited by contract with the ORG from giving
24 ARMSTRONG a declaration to assist him in his defense of the ORG's
25 lawsuit to enforce the settlement agreement, be released from that
26 prohibition so they could provide him with needed declarations.
27 The ORG refused. On February 24, 1992 Greene wrote Bartilson
28 requesting that the other individuals who had entered into

1 settlement agreements with the ORG, negotiated by the ORG with
2 Flynn in 1986, and who were specifically prohibited from providing
3 ARMSTRONG with a declaration to assist him in his defense of the
4 ORG's lawsuit to enforce the settlement agreement, be released
5 from that prohibition so they could provide him with needed
6 declarations. Even though the ORG had used the fact of the other
7 individuals' settlement agreements being substantially similar to
8 the ARMSTRONG agreement, and cited to and relied on cases
9 involving those individuals' settlements in its lawsuit against
10 ARMSTRONG, the ORG refused to release them from their contract not
11 to assist ARMSTRONG.

12 56. On May 27, 1992 at a hearing on a motion the ORG
13 brought to obtain a preliminary injunction in this case, Los
14 Angeles Superior Court Judge Sohigian stated:

15 "The information that's being suppressed in this case,
16 however, is information about extremely blameworthy
17 behavior of the [ORG] which nobody owns; it is
18 information having to do with the behavior of a high
19 degree of offensiveness and behavior which is tortious
20 in the extreme. It involved abusing people who are weak.
21 It involves taking advantage of people who for one
22 reason or another get themselves enmeshed in this
23 extremist view in a way that makes them unable to resist
24 it apparently. There appears to be in the history of
25 [the ORG's] behavior a very, very substantial deviation
26 between [the ORG's] conduct and standards of ordinary,
27 courteous conduct and standards of ordinary honest
28 behavior. They're just way off in a different

1 firmament. [The ORG's] is the kind of behavior which
2 makes you sort of be sure you cut the deck and be sure
3 you've counted all the cards. If you're having a
4 friendly poker game you'd make sure to count all the
5 chips before you dealt any cards."

6 Despite these statements concerning the ORG and its practices, and
7 despite the ORG's knowledge of similar rulings and judgments in
8 Armstrong I, the case of Wollersheim v. Scientology, the case of
9 Allard v. Scientology, the case in England Re B & G Wards, the
10 cases of US v. Hubbard and US v. Kember, and of articles in the
11 Los Angeles Times in 1990 and Time magazine in 1991, the ORG
12 continues to attack ARMSTRONG and its other perceived enemies
13 pursuant to its basic doctrine of Fair Game. The ORG's refusal to
14 change its posture toward ARMSTRONG in the face of evidence of its
15 nature causes ARMSTRONG severe emotional distress. Judge Sohigian
16 denied the ORG's motion to enforce the settlement agreement in
17 every aspect except for his right to provide testimony in anti-ORG
18 litigation without being first subpoenaed to provide such
19 testimony. The Sohigian ruling left ARMSTRONG free to speak and
20 write freely about the ORG, to provide information to government
21 agencies without the need for a subpoena and to continue to work
22 as a paralegal.

23 57. ARMSTRONG has learned that MISCAVIGE possessed
24 ARMSTRONG's original artwork and manuscript after they were stolen
25 from ARMSTRONG's car in 1984. MISCAVIGE told Vicki Aznaran that
26 he had ARMSTRONG's artwork and manuscript, and he described
27 ARMSTRONG's works as weird poetry and letters to Hubbard. ORG
28 lawyer John Peterson in 1984, in response to ARMSTRONG's demand at

1 that time for return of his works denied that the ORG possessed
2 them. Now ARMSTRONG has the proof and he demands these works'
3 return.

4 58. The ORG has, for over a decade, waged a campaign of
5 hatred and psychological violence against ARMSTRONG. This
6 campaign has been observed and condemned by courts and the media.
7 In 1986 as an act of calculating Fair Game it used ARMSTRONG'S
8 lawyer, himself a long time target of Fair Game, to manipulate him
9 into a settlement of his claims against the ORG which was intended
10 to leave him lawyer-less and defenseless so that the ORG'S Fair
11 Game efforts against him could continue unopposed. In consummate
12 cynicism the ORG claims its purpose in the settlement was to make
13 peace. The ORG'S acts against ARMSTRONG have affected every
14 aspect of his life, taken from him the peace and seclusion he
15 sought and threatened his health, livelihood, friendships and his
16 very existence. These acts must stop.

17 FIRST CAUSE OF ACTION

18 (For Declaratory Relief Against All Defendants)

19 59. Cross-complainant ARMSTRONG realleges paragraphs 1
20 through 58, inclusive, and incorporates them by reference herein
21 as though fully set forth.

22 60. An actual controversy has arisen and now exists between
23 ARMSTRONG and CSI concerning their respective rights and duties in
24 that ARMSTRONG contends that the only provisions of the settlement
25 agreement that have any legal force any effect were those whereby
26 he dismissed his cross-complaint in Armstrong I in consideration
27 for a sum of money, and that paragraphs 4A, 4B, 7D, 7E, 7G, 7H,
28 7I, 10, 18D, 18E of the settlement agreement are void as against

1 public policy and should be severed therefrom, and that CSI and
2 its agents are not entitled to breach the settlement agreement
3 while requiring ARMSTRONG to adhere thereto, whereas CSI disputes
4 this contention and contends that it is entitled to enforce all
5 provisions of the settlement agreement against ARMSTRONG
6 notwithstanding the lack of mutuality thereof.

7 61. ARMSTRONG desires a judicial determination of his rights
8 and duties, and a declaration that the only provisions of the
9 settlement agreement which are valid are those which directly
10 pertain to the dismissal of his cross-complaint in Armstrong I in
11 consideration for the payment of a sum of money, and that
12 paragraphs 4A, 4B, 7D, 7E, 7G, 7H, 7I, 10, 18D, 18E of the
13 settlement agreement should be severed and held not to be legally
14 enforceable because they were designed to suppress evidence and
15 obstruct justice.

16 62. A judicial declaration is necessary and appropriate at
17 this time under the circumstances in order that ARMSTRONG may
18 ascertain his rights and duties under the settlement agreement.

19 63. ARMSTRONG is being harmed by the settlement agreement
20 insofar as his First Amendment Rights are curtailed, his ability
21 to freely pursue gainful employment is restricted, and his
22 reputation is being attacked in judicial proceedings which he is
23 unable to counter without risking violation of the settlement
24 agreement.

25 WHEREFORE, cross-complainant seeks relief as is hereinafter
26 pleaded.

27 SECOND CAUSE OF ACTION

28 (For Abuse Of Process Against All Defendants)

1 64. Cross-complainant ARMSTRONG realleges paragraphs 1
2 through 58, inclusive, and incorporates them by reference herein
3 as though fully set forth.

4 65. Defendants, and each of them, have abused the process of
5 this court in a wrongful manner, not proper in the regular conduct
6 of the proceedings in Armstrong I and in Armstrong II, and in
7 other litigation, to accomplish a purpose for which said
8 proceedings were not designed, specifically, the suppression of
9 evidence, the obstruction of justice, the assassination of cross-
10 complainant's reputation, and retaliation against said cross-
11 complainant for prevailing at trial in Armstrong I, all so as to
12 be able to attack cross-complainant and prevent cross-complainant
13 from being able to take any effective action to protect himself.

14 66. Defendants, and each of them, acted with an ulterior
15 motive to suppress evidence, obstruct justice, assassinate cross-
16 complainant's reputation, and to retaliate against cross-
17 complainant in said litigations.

18 67. That defendants, and each of them, have committed
19 willful acts of intimidation, threats, and submission of false and
20 confidential documents not authorized by the process of
21 litigation, and not proper in the regular conduct of litigation.

22 68. Cross-complainant has suffered damage, loss and harm,
23 including but not limited to his reputation, his emotional
24 tranquillity, and privacy.

25 69. That said damage, loss and harm was the proximate and
26 legal result of the use of such legal process.

27 **WHEREFORE**, cross-complainant seeks relief as is hereinafter
28 pleaded.

1 THIRD CAUSE OF ACTION

2 (Breach of Contract)

3 70. Cross-complainant ARMSTRONG realleges paragraphs 1
4 through 58, inclusive, and incorporates them by reference herein
5 as though fully set forth.

6 71. CSI, and/or its agents, and/or other Scientology-related
7 entities having engaged in on-going breaches of said settlement
8 agreement by making reference to ARMSTRONG (a) in communications
9 to the press, (b) in filing pleadings and declarations in various
10 litigations.

11 72. By reason of said breaches of the settlement agreement,
12 ARMSTRONG has been damaged in an amount not presently known but
13 believed to be in excess of the jurisdiction minimum of this
14 Court.

15 WHEREFORE, plaintiff prays for judgment as follows:

16 ON THE FIRST CAUSE OF ACTION

17 1. For a declaration paragraphs 4A, 4B, 7D, 7E, 7G, 7H, 7I,
18 10, 18D, 18E of the settlement agreement should be severed from
19 the settlement agreement and found to be of no legal force or
20 effect.

21 2. For damages according to proof.

22 3. For attorney's fees and costs of suit.

23 ON THE SECOND CAUSE OF ACTION

24 1. For general and compensatory damages according to proof.

25 2. For attorney's fees and costs of suit.

26 ON THE THIRD CAUSE OF ACTION

27 1. For compensatory and consequential damages according to
28 proof.

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2. For attorney's fees and costs of suit.

ON ALL CAUSES OF ACTION

1. For such other and further relief as the Court may deem just and proper.

Respectfully submitted,

DATED: October 7, 1992

HUB LAW OFFICES

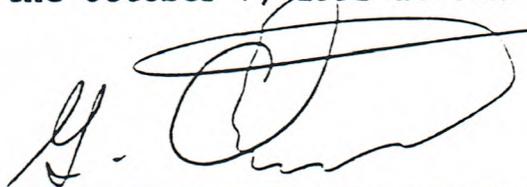


By: FORD GREENE
Attorney for Defendant

VERIFICATION

I, the undersigned, am an officer of defendant The Gerald Armstrong Corporation in the above entitled action. I know the contents of the foregoing Amended Cross-Complaint I certify that the same is true of my own knowledge, except as to the matters which are therein stated upon my information and belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct according to the laws of the State of California and that this declaration was executed on the October 7, 1992 at San Anselmo, California.

By: 
GERALD ARMSTRONG

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1 PROOF OF SERVICE

2 I am employed in the County of Marin, State of California. I
3 am over the age of eighteen years and am not a party to the above
4 entitled action. My business address is 711 Sir Francis Drake
5 Boulevard, San Anselmo, California. I served the following
6 documents: VERIFIED AMENDED CROSS-COMPLAINT FOR DECLARATORY
7 RELIEF, ABUSE OF PROCESS AND BREACH OF CONTRACT
8 on the following person(s) on the date set forth below, by placing
9 a true copy thereof enclosed in a sealed envelope with postage
10 thereon fully prepaid to be placed in the United States Mail at
11 San Anselmo, California:

12 Andrew Wilson, Esquire
13 WILSON, RYAN & CAMPILONGO
235 Montgomery Street, Suite 450
San Francisco, California 94104

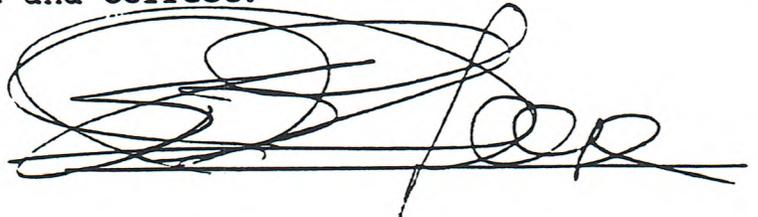
LAURIE J. BARTILSON, ESQ.
Bowles & Moxon
6255 Sunset Boulevard
Suite 2000
Los Angeles, California 90028

14 PAUL MORANTZ, ESQ.
15 P.O. Box 511
16 Pacific Palisades, CA 90272

17 (By Mail) I caused such envelope with postage thereon
18 fully prepaid to be placed in the United
States Mail at San Anselmo, California.

19 (State) I declare under penalty of perjury under the
20 laws of the State of California that the above
is true and correct.

21 DATED: October 7, 1992

22 
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SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

Date: August 16, 1994

Honorable DAVID A. HOROWITZ

, Judge
, Deputy Sheriff
, C.S.L.S. ROBLES
LINDA NISHIMOTO #9147, Deputy Clerk
, Reporter
, E/R Monitor

2 C. AGUIRRE

BC052395

(Parties and Counsel checked if present)

CHURCH OF SCIENTOLOGY, ETC

Counsel for
PlaintiffMICHAEL LEE HERTZBERG (x)
LAURIE J. BARTILSON (x)

VS

GERALD ARMSTRONG, ET AL

Counsel for
Defendant

FORD GREENE (x)

NO LEGAL FILE

NATURE OF PROCEEDINGS:

MOTION BY CROSS-DEFENDANT, CHURCH OF SCIENTOLOGY INTERNATIONAL, FOR SUMMARY ADJUDICATION OF THE SECOND AND THIRD CAUSES OF ACTION OF THE CROSS-COMPLAINT;

Motion for Summary Adjudication of a Cause of Action (SACA) GRANTED. No triable issues of material facts. The 2nd and 3rd Causes of Action have no merit. CCP 437c(f)(1).

3rd Cause of Action - Breach of Contract.

Undisputed Facts: #1-9, essentially Undisputed, Cross-Defendant has accurately described the provisions of the Agreement; #10, not sufficiently disputed, Undisputed; #11, Undisputed; #12, not sufficiently disputed, Undisputed; #13, Undisputed; #14, Undisputed; #15, not sufficiently disputed, Undisputed; #16, Undisputed.

The Agreement terms are clear and unambiguous. Cross-Complainant understood the terms and signed it. The duties and obligations of the Agreement are clearly stated. "Mutuality" and "reciprocal" duties cannot be read into the unambiguous terms of the Agreement.

There are no provisions in the Agreement prohibiting the Cross-Defendant from referring to Cross-Complainant with the press or in legal pleadings or declarations. Cross-Complainant's beliefs as to what the Agreement should have said, it's validity, or what his attorney said or did to him are not relevant. The Agreement itself acknowledges that no agreements or understandings have been made among the parties aside from those set forth in the Agreement.

2nd Cause of Action - Abuse of Process.

Undisputed Facts: #17, not sufficiently disputed, Undisputed; #18, not sufficiently disputed, Undisputed; #19, Disputed; #20, Disputed, not material; #21, not sufficiently disputed, Undisputed; #22, Undisputed; #23, Disputed as to time discovered by Church counsel; #24,

Page 1 of 3 Pages

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

Date: August 16, 1994

Honorable	DAVID A. HOROWITZ	, Judge	S. ROBLES	, Deputy Clerk
2a	C. AGUIRRE	, Deputy Sheriff	LINDA NISHIMOTO #9147	, Reporter
		, C.S.L.		, E/R Monitor

BC052395

(Parties and Counsel checked if present)

CHURCH OF SCIENTOLOGY, ETC

Counsel for Plaintiff

MICHAEL LEE HERTZBERG (x)
LAURIE J. BARTILSON (x)

VS

GERALD ARMSTRONG, ET AL

Counsel for Defendant

FORD GREENE (x)

NO LEGAL FILE

NATURE OF PROCEEDINGS:

disputed as to motivation, otherwise Undisputed; #25, not sufficiently disputed, Undisputed; #26, Undisputed; #27, disputed as to word "further", otherwise Undisputed; #28, Disputed, but not material; #29, Undisputed; #30, Undisputed that Marin Court granted a motion to Transfer; #31, Undisputed, except for term "irreparably harmed; #32, Undisputed; #33, Undisputed; #34, not sufficiently disputed, Undisputed; #35, Undisputed.

A One Year Statute of Limitations applies to an Abuse of Process cause of action. Code of Civil Procedure Section 340. Conduct allegedly occurring prior to July 22, 1991 is precluded by the one year Statute. Conduct alleged in paragraphs 13-24, 26 and 27, 29 and 30, 33-38, 40, 43-48 and para 57 are alleged to have occurred before 7/22/91 and are time barred.

The alleged conduct constituting "abuse of process" contained in paragraphs 49, 51, 52 and 55 does not constitute such abuse of process. That is, there are no allegations concerning the abuse of court process which constitutes a cause of action.

Communications with "some relation" to judicial proceedings have been absolutely immune from tort liability by the privilege codified as section 47(b). Albertson v. Raboff.

The alleged conduct of bringing suit, contained in paragraphs 53 and 54, is not sufficient to state a cause of action for "abuse of process. The filing or maintaining of a lawsuit cannot support a claims for abuse of process. The filing of a suit to enforce the Settlement Agreement cannot support claims for abuse of process.

The conduct alleged in para 50, ie, the filing of a complaint and the use of a declaration speaking of Cross-Complainant, does not constitute abuse of process and is privileged.

Paragraph 52. alleged conduct relating to declarations filed in a case in which the Cross-Complainant is not a party. Such conduct does not constitute abuse of process and is privileged.

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

Date: August 16, 1994

Honorable DAVID A. HOROWITZ , Judge
2b C. AGUIRRE , Deputy Sheriff
, C.S.L.

S. ROBLES , Deputy Clerk
LINDA NISHIMOTO #9147 , Reporter
, E/R Monitor

BC052395

(Parties and Counsel checked if present)

CHURCH OF SCIENTOLOGY, ETC

Counsel for
PlaintiffMICHAEL LEE HERTZBERG (x)
LAURIE J. BARTILSON (x)

VS

GERALD ARMSTRONG, ET AL

Counsel for
Defendant

FORD GREENE (x)

NO LEGAL FILE

NATURE OF PROCEEDINGS:

MOTION FOR SUMMARY ADJUDICATION OF SECOND AND THIRD CAUSES OF ACTION OF
THE CROSS-COMPLAINT OF GERALD ARMSTRONG, GRANTED.

David A. Horowitz

DAVID A. HOROWITZ, JUDGE

This is the order called for by Code of Civil Procedure Section 437c(f)
and Code of Civil Procedure Section 437c(g). No other written order is
required.

A copy of this order is sent this date via U.S. Mail addressed as
follows:

MICHAEL LEE HERTZBERG
ATTORNEY AT LAW
740 BROADWAY 5TH FL
NEW YORK NY 10003

LAURIE J. BARTILSON
BOWLES & MOXON
6255 SUNSET BLVD STE 2000
HOLLYWOOD CA 90028

FORD GREENE
HUB LAW OFFICES
711 SIR FRANCIS DRAKE BLVD
SAN ANSELMO CA 94960

FILED

MAY 25 1995

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

KEENAN G. CASADY, Clerk
U.S. BANKRUPTCY COURT-SANTA ROSA

In re

GERALD ARMSTRONG,

No. 95-10911

Debtor.

Memorandum of Decision

Debtor Gerald Armstrong is a former member of the Church of Scientology. In 1986, he settled a lawsuit he had filed against the Church by accepting \$800,000.00. In return, he agreed to refrain from divulging certain information about the Church and assisting others in their claims against the Church. The Church alleges that Armstrong has repeatedly violated the agreement. It has been prosecuting an action against Armstrong for breach of contract in state court.

Armstrong filed a Chapter 7 petition in this court on April 19, 1995. Now before the court is the Church's motion for relief from the automatic stay to pursue the state court action. The Church wants to liquidate its damages for breach of the settlement agreement, enforce the preliminary injunction issued by the state court, and seek a permanent injunction somewhat broader than the preliminary injunction. It also seeks to pursue a fraudulent conveyance action against persons to whom Armstrong allegedly gave the \$800,000.00.

The fraudulent conveyance actions belong to the bankruptcy estate. If the causes of action are abandoned pursuant to section 554 of the Bankruptcy Code, then the Church may pursue them. Until then, the actions can be maintained only by the bankruptcy trustee. Accordingly, insofar as the motion addresses the fraudulent

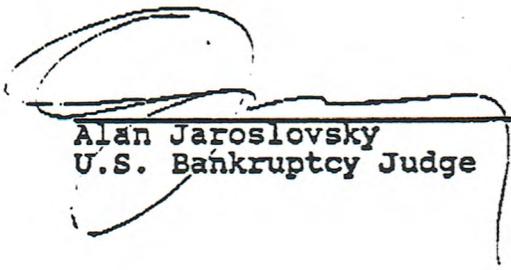
1 conveyance actions it will be denied.

2 The request to pursue the action as to injunctive relief and
3 damages raises very serious legal issues not appropriate for
4 determination in the context of a relief from stay proceeding.
5 These issues include whether an injunction issued to enforce a
6 contract remains enforceable after the debtor's contractual
7 obligations have been discharged, and whether any damages resulting
8 from the action are dischargeable. These issues must be determined
9 by adversary proceeding pursuant to FRBP 7001.

10 For purposes of this motion, it is enough for the court to
11 note that the injunction may survive the bankruptcy discharge, and
12 that any damages may be nondischargeable. Because of these
13 possibilities, the court deems it appropriate for the matter to
14 proceed in state court so long as no enforcement of any judgment is
15 attempted without further leave of this court. To this extent, the
16 motion will be granted. The action may of course proceed without
17 restriction as to any defendants other than Armstrong.

18 Counsel for the Church shall submit an appropriate form of
19 order.

20 Dated: May 25, 1995


21 Alan Jaroslovsky
22 U.S. Bankruptcy Judge
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CERTIFICATE OF MAILING

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The undersigned deputy clerk of the United States Bankruptcy Court for the Northern District of California hereby certifies that a copy of the attached document was mailed to all parties listed below as required by the Bankruptcy Code and Rules of Bankruptcy Procedure.

Dated: May 25, 1995


Deputy Clerk

WILSON, RYAN & CAMPILONGO
Andrew H. Wilson
115 Sansome Street
Fourth Floor
San Francisco, CA 94104

GERALD ARMSTRONG
715 Sir Francis Drake Blvd.
San Anselmo, CA 94960-1949

JEFFRY G. LOCKE, Trustee
P. O. Box 488
Kentfield, CA 94919-0488

FELDMAN, WALDMAN & KLINE
A Professional Corporation
Linda Sorensen
2700 Russ Building
235 Montgomery Street
San Francisco, CA 94104-3160

NOT TO BE PUBLISHED

IN THE COURT OF APPEAL OF THE STATE OF CALIFORNIA
SECOND APPELLATE DISTRICT
DIVISION FOUR

CHURCH OF SCIENTOLOGY INTERNATIONAL,)
)
Plaintiff and Respondent,)
)
v.)
)
GERALD ARMSTRONG,)
)
Defendant and Appellant.)
_____)

No. B069450
(Super.Ct.No. BC052395)

COURT OF APPEAL - SECOND DIST.

FILED

MAY 16 1994

JOSEPH A. LEE Clerk
Deputy Clerk

APPEAL from an order of the Superior Court of
Los Angeles County, Ronald M. Sohigian, Judge. Affirmed.

Ford Greene and Paul Morantz for Defendant and
Appellant.

Bowles & Moxon, Karen D. Holly, Wilson, Ryan &
Campilongo, Andrew H. Wilson, Rabinowitz, Boudin, Standard,
Krinsky & Lieberman, Eric M. Lieberman, and Michael Lee
Hertzberg for Plaintiff and Respondent.

Defendant and appellant Gerald Armstrong (Armstrong) appeals from an order granting a preliminary injunction restraining Armstrong from voluntarily giving assistance to other persons litigating or intending to litigate claims against plaintiff and respondent Church of Scientology International (Church).

The injunction was granted to enforce a settlement agreement in prior litigation between Armstrong and Church. In the settlement, Armstrong agreed he would not voluntarily assist other persons in proceedings against Church.

Armstrong does not deny violating his agreement but asserts numerous reasons why his agreement should not be enforceable. We conclude that the narrowly-limited preliminary injunction, which did not finally adjudicate the merits of Armstrong's claims, was not an abuse of the trial court's discretion to make orders maintaining the status quo and preventing irreparable harm pending the ultimate resolution of the merits.

FACTUAL AND PROCEDURAL BACKGROUND

Armstrong was a member of Church between 1969 and 1981. He became an insider of high rank, familiar with Church practices and documents. He became disillusioned and left Church in 1981. When he left, he took many Church documents with him.

The Prior Action and Settlement

Church brought the prior action against Armstrong seeking return of the documents, injunctive relief against further dissemination of information contained in them, and imposition of a constructive trust. Mary Sue Hubbard, wife of Church founder L. Ron Hubbard, intervened asserting various torts against Armstrong. Armstrong filed a cross-complaint seeking damages for fraud, intentional infliction of emotional distress, libel, breach of contract, and tortious interference with contract.

Church's complaint and Hubbard's complaint in intervention were tried in 1984 by Judge Breckenridge. That trial led to a judgment, eventually affirmed on appeal, holding Armstrong's conversion of the documents was justified because he believed the conversion necessary to protect himself from Church's claims that he had lied about Church matters and L. Ron Hubbard. (Church of Scientology v. Armstrong (1991) 232 Cal.App.3d 1060, 1063, 1073.)

Armstrong's cross-complaint in that case was settled in December 1986 by the settlement agreement which is the subject of the injunction in the present case.

In the settlement agreement, the parties mutually released each other from all claims, except the then-pending appeal of Judge Breckenridge's decision on Church's complaint, which was expressly excluded. The settlement involved a number

of persons engaged in litigation against Church, all represented by Attorney Michael Flynn. As a result of the settlement, Armstrong was paid \$800,000. Armstrong's cross-complaint was dismissed with prejudice, as agreed, on December 11, 1986.

The portions of the settlement agreement most pertinent to this appeal are paragraphs 7-G, 7-H, and 10, in which Armstrong agreed not to voluntarily assist other persons intending to engage in litigation or other activities adverse to Church.^{1/}

1. "G. Plaintiff agrees that he will not voluntarily assist or cooperate with any person adverse to Scientology in any proceeding against any of the Scientology organizations, individuals, or entities listed in Paragraph 1 above. Plaintiff also agrees that he will not cooperate in any manner with any organizations aligned against Scientology. [¶] H. Plaintiff agrees not to testify or otherwise participate in any other judicial, administrative or legislative proceeding adverse to Scientology or any of the Scientology Churches, individuals or entities listed in Paragraph 1 above unless compelled to do so by lawful subpoena or other lawful process. Plaintiff shall not make himself amenable to service of any such subpoena in a manner which invalidates the intent of this provision. Unless required to do so by such subpoena, Plaintiff agrees not to discuss this litigation or his experiences with and knowledge of the Church with anyone other than members of his immediate family. As provided hereinafter in Paragraph 18(d), the contents of this Agreement may not be disclosed. [¶] . . . 10. Plaintiff agrees that he will not assist or advise anyone, including individuals, partnerships, associations, corporations, or governmental agencies contemplating any claim or engaged in litigation or involved in or contemplating any activity adverse to the interests of any entity or class of persons listed above in Paragraph 1 of this Agreement."

Paragraph 20 of the agreement authorizes its enforcement by injunction.

The Present Action

In February 1992, Church filed a complaint in the present action alleging Armstrong's violation of the settlement agreement and seeking damages and injunctive relief.

In support of its motion for a preliminary injunction, Church presented evidence that since June 1991 Armstrong had violated the agreement by working as a paralegal for attorneys representing clients engaged in litigation against Church and by voluntarily and gratuitously providing evidence for such litigation. Armstrong worked as a paralegal for Attorney Joseph Yanny, who represented Richard and Vicki Aznaran in a multimillion dollar suit against Church in federal court. Armstrong also voluntarily provided declarations for use in the Aznarans' case. Armstrong thereafter worked for Attorney Ford Greene on the Aznaran and other Church related matters.

Armstrong did not deny the charged conduct but asserted the settlement agreement was not enforceable for various reasons, primarily that it was against public policy and that he signed it under duress.

The Trial Court's Preliminary Injunction

The trial court granted a limited preliminary injunction, with exceptions which addressed Armstrong's

argument that the settlement agreement violated public policy by requiring suppression of evidence in judicial proceedings.

The court found that Armstrong voluntarily entered the settlement agreement for which he received substantial compensation, and that Armstrong was unlikely to prevail on his duress claim. The court found that Armstrong could contract as part of the settlement to refrain from exercising various rights which he would otherwise have. Balancing the interim harms to the parties, the court found that to the extent of the limited acts covered by the preliminary injunction, Church would suffer irreparable harm which could not be compensated by monetary damages, and harm for which monetary damages would be difficult to calculate. (Code Civ. Proc., § 526, subds. (a)(2), (a)(4), (a)(5).)

The court's order provides, in pertinent part:

"Application for preliminary injunction is granted in part, in the following respects only. [¶] Defendant Gerald Armstrong, his agents, and persons acting in concert or conspiracy with him (excluding attorneys at law who are not said defendant's agents or retained by him) are restrained and enjoined during the pendency of this suit pending further order of court from doing directly or indirectly any of the following: [¶] Voluntarily assisting any person (not a governmental organ or entity) intending to make, intending to press, intending to arbitrate, or intending to litigate a claim against the persons

referred to in sec. 1 of the 'Mutual Release of All Claims and Settlement Agreement' of December, 1986 regarding such claim or regarding pressing, arbitrating, or litigating it. [¶]

Voluntarily assisting any person (not a governmental organ or entity) arbitrating or litigating a claim against the persons referred to in sec. 1 of the 'Mutual Release of All Claims and Settlement Agreement' of December, 1986."

The court provided the following exceptions to address Armstrong's public policy arguments: "The court does not intend by the foregoing to prohibit defendant Armstrong from: (a) being reasonably available for the service of subpoenas on him; (b) accepting service of subpoenas on him without physical resistance, obstructive tactics, or flight; (c) testifying fully and fairly in response to properly put questions either in deposition, at trial, or in other legal or arbitration proceedings; (d) properly reporting or disclosing to authorities criminal conduct of the persons referred to in sec. 1 of the 'Mutual Release of All Claims and Settlement Agreement' of December, 1986; or (e) engaging in gainful employment rendering clerical or paralegal services not contrary to the terms and conditions of this order."

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DISCUSSION

The grant of a preliminary injunction does not adjudicate the ultimate rights in controversy between the parties. It merely determines that the court, balancing the relative equities of the parties, concludes that, pending a trial on the merits, the defendant should be restrained from exercising the right claimed. The purpose of the injunction is to preserve the status quo until a final determination of the merits of the action. (Continental Baking Co. v. Katz (1968) 68 Cal.2d 512, 528.)

The court considers two interrelated factors. The first is the likelihood the plaintiff will prevail at trial. The second is the interim harm the plaintiff is likely to sustain if the injunction is denied, as compared to the harm the defendant is likely to suffer if the injunction is granted. (Cohen v. Board of Supervisors (1985) 40 Cal.3d 277, 286.)

The decision to grant or deny a preliminary injunction rests in the discretion of the trial court. Accordingly, an appellate court's review on appeal from the granting of a preliminary injunction is very limited. The burden is on the appellant to make a clear showing that the trial court abused its discretion. (IT Corp. v. County of Imperial (1983) 35 Cal.3d 63, 69; Nutro Products, Inc. v. Cole Grain Co. (1992) 3

Cal.App.4th 860, 865.) Abuse of discretion means the trial court has exceeded the bounds of reason or contravened the uncontradicted evidence. (IT Corp. v. County of Imperial, supra, 35 Cal.3d at p. 69.)

Here, the trial court's memorandum decision reflects very careful consideration of the factors relevant to the granting of a preliminary injunction. The court weighed the relative harms to the parties and balanced the interests asserted by Armstrong. The court granted a limited preliminary injunction with exclusions protecting the countervailing interests asserted by Armstrong. We find no abuse of discretion. We cannot say that the trial court erred as a matter of law in weighing the hardships or in determining there is a reasonable probability Church would ultimately prevail to the limited extent reflected by the terms of the preliminary injunction.

Although Armstrong's "freedom of speech" is affected, it is clear that a party may voluntarily by contract agree to limit his freedom of speech. (See In re Steinberg (1983) 148 Cal.App.3d 14, 18-20 [filmmaker agreed to prior restraint on distribution of film]; ITT Telecom Products Corp. v. Dooley (1989) 214 Cal.App.3d 307, 319 [employee's agreement not to disclose confidential information; "it is possible to waive even First Amendment free speech rights by contract"]; Snepp v. United States (1980) 444 U.S. 507, 509, fn. 3 [book by CIA

employee subject to prepublication clearance by terms of his employment contract].)

The exceptions in the trial court's injunction assured that the injunction would not serve to suppress evidence in legal proceedings. The injunction expressly did not restrain Armstrong from accepting service of subpoenas, testifying fully and fairly in legal proceedings, and reporting criminal conduct to the authorities. (See Philippine Export & Foreign Loan Guarantee Corp. v. Chuidian (1990) 218 Cal.App.3d 1058, 1081-1082.) This contrasts with the stipulation in Mary R. v. B. & R. Corp. (1983) 149 Cal.App.3d 308, 315-316, cited by Armstrong, which prevented a party from disclosing misconduct to regulatory authorities.

This appeal is only from the granting of a preliminary injunction which expressly did not decide the ultimate merits. As limited by the trial court here, the preliminary injunction merely restrains, for the time being, Armstrong's voluntary intermeddling in other litigation against Church, in violation of his own agreement. We decline any extended discussion of Armstrong's shotgun-style brief, which offers more than a dozen separate contentions against enforcement. It suffices to say that Armstrong has not borne his burden on appeal to demonstrate a clear abuse of discretion.

DISPOSITION

The order granting a preliminary injunction is affirmed.

NOT TO BE PUBLISHED

VOGEL (C.S.), Acting P.J.

We concur:

HASTINGS, J.

KLEIN (Brett), J.*

*Assigned by the Chairperson of the Judicial Council.

PROOF OF SERVICE

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I am employed in the County of California, State of California. I am over the age of eighteen (18) years and not a party to the within action. My business address is 6255 Sunset Boulevard, Suite 2000, Hollywood, CA 90028.

On October 26, 1995 I served the foregoing document described as REQUEST FOR JUDICIAL NOTICE IN SUPPORT OF PLAINTIFF'S MOTION FOR (1) SUMMARY ADJUDICATION OF THE FIRST CAUSE OF ACTION OF ARMSTRONG'S FIRST AMENDED CROSS-COMPLAINT; (2) SEVERANCE; (3) DISMISSAL OF UNADJUDICATED CLAIMS; AND (4) ENTRY OF FINAL JUDGMENT on interested parties in this action,

[] by placing the true copies thereof in sealed envelopes as stated on the attached mailing list;

[X] by placing [] the original [X] true copies thereof in sealed envelopes addressed, certified mail, as follows:

Ford Greene
HUB Law Offices
711 Sir Francis Drake Blvd.
San Anselmo, CA 94960-1949

MICHAEL WALTON
700 Larkspur Landing Circle
Suite 120
Larkspur, CA 9493

[] *I deposited such envelope in the mail at Los Angeles, California. The envelope was mailed with postage thereon fully prepaid.

[X] As follows: I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with U.S. postal service on that same day with postage thereon fully prepaid at Los Angeles, California in the ordinary course of business. I am aware that on motion of party

served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing an affidavit.

Executed on October 26, 1995 at Los Angeles, California.

[] **** (BY PERSONAL SERVICE)** I delivered such -- envelopes by hand to the offices of the addressees.

Executed on October 18, 1995, at San Rafael, California.

[X] (State) I declare under penalty of the laws of the State of California that the above is true and correct.

[] (Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Matt Ward
Print or Type Name


Signature

* (By Mail, signature must be of person depositing envelope in mail slot, box or bag)

** (For personal service signature must be that of messenger)